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IRAN-CONTRA INVESTIGATION

JOINT HEARINGS

BEFORE THE

SENATE SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

AND THE

HOUSE SELECT COMMITTEE TO INVESTIGATE COVERT ARMS TRANSACTIONS WITH IRAN

ONE HUNDREDTH CONGRESS

FIRST SESSION

100–5

JUNE 2, 3, 4, 5, 8, AND 9, 1987

TESTIMONY OF ELLIOTT ABRAMS, ALBERT HAKIM, DAVID M. LEWIS, BRETTON G. SCIARONI, AND FAWN HALL

Printed for the use of the Select Committees on the Iran-Contra Investigation

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JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

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JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Testimony of Elliott Abrams

TUESDAY, JUNE 2, 1987

SENATE SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
AND
HOUSE SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN,
Washington, DC.

The Select Committees met, pursuant to call, at 9:30 a.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman INOUYE. The hearing will please come to order.

Our first witness this morning is Elliott Abrams, Assistant Secretary of State.

Mr. Abrams, will you rise.

[Witness sworn.]

TESTIMONY OF THE HON. ELLIOTT ABRAMS, ASSISTANT SECRETARY OF STATE, FOR INTER-AMERICAN AFFAIRS

Chairman INOUYE. Please be seated.

Mr. Abrams, I have been advised that you have a statement you would like to make at this juncture?

Mr. ABRAMS. I would, Mr. Chairman, thank you.

Chairman INOUYE. Will you put that mike closer to you, sir?

Mr. ABRAMS. It is now 12 years since I came to Washington to work, in this very building, for the Congress of the United States. I arrived here in March 1975 and worked first for a congressional committee, then on the personal staff of the late Senator Henry M. Jackson, and subsequently on the staff of Senator Daniel P. Moynihan.

Senator Jackson was well known to many of the members of these committees. As you know, he believed in two cardinal principles with respect to foreign policy. He believed in the principle of bipartisanship, and he believed that Congress must be a powerful participant in the making of foreign policy.

He practiced what he preached. And those were the lessons he taught those of us lucky enough to have the opportunity to work for him.

I became an Assistant Secretary of State in 1981, and since July 1985 I have served as Assistant Secretary of State for Inter-American Affairs.

This hearing today constitutes roughly my sixtieth appearance to give testimony before Congress on Latin American and Caribbean affairs in this short period. As always, I am pleased to have this opportunity to answer questions about my stewardship of the office of Assistant Secretary.

Since July 1985, the Bureau of Inter-American Affairs has continued to deal with our government's relations with the 30 countries of Central and South America and the Caribbean.

They include such matters as the end of the Duvalier dictatorship in Haiti, the transition to democracy in a number of Latin military dictatorships, the Latin debt problem, the promotion of democracy and human rights in Chile and Paraguay, our complex relations with Mexico, repression and subversion in Cuba, and—of special interest in these hearings—the very grave problem of democracy and security in Central America.

U.S. policy with respect to Nicaragua was set out by the Congress very shortly after I arrived in my current position in the International Development and Security Act of 1985, passed in August 1985.

In that legislation the Congress noted that the Nicaraguan Communists had "flagrantly violated . . . the rights of the Nicaraguan people and the security of the nations in the region," had "taken significant steps toward establishing a totalitarian Communist dictatorship," had "committed atrocities against its citizens," had "aligned itself with the Soviet Union and Soviet allies," and had "committed and refuses to cease aggression in the form of armed subversion against its neighbors."

With supportive words for the United Nicaraguan Opposition and the need for democracy in Nicaragua, and noting the "special responsibility" of the United States, Congress condemned the Government of Nicaragua, called for a national dialog there, and noted its support for efforts by the Nicaraguan Democratic Resistance to resolve the Nicaraguan conflict peacefully. Congress then approved $27 million for humanitarian assistance to the Nicaraguan Democratic Resistance.

In distributing that assistance, in seeking the $100 million in additional and less restricted assistance finally approved by Congress in October 1986, and in implementing U.S. policy in the region, I have at all times—as my Commission from the President instructs—executed and fulfilled the duties of my office according to law.

As an adviser to the Secretary of State, as a spokesman for U.S. policy, as someone who works with the Congress literally every day, and as an official responsible for U.S. diplomacy in the region, I have tried to keep not only the letter but the spirit of the law in mind.

In all of my activities, I have been assisted by the extraordinary dedication and competence of the U.S. Foreign Service, and it has been my practice to work with and through Foreign Service officers and in the appropriate official channels, rather than acting alone.

U.S. policy and U.S. law have changed over the last 2 years, but certain fundamentals have remained constant: support for peace and democracy in Central America and opposition to the consolidation of a Communist regime in Nicaragua.

These are views which the executive and legislative branches share. As an official of the Department of State, I have tried to promote those views and advance our country's interests with all the energy I can muster.

The disclosures of November 25 and since have been surprising and sobering to me, and I have followed closely the accounts—some accurate, some inaccurate—of my own activities.

It is important to me to set the record straight, and I look forward to discussing with you now the conduct of U.S. policy in the region, and my role in it.

Thank you, Mr. Chairman.

[The prepared statement of Elliott Abrams appears in appendixx C.]

Chairman INOUYE. I thank you very much, sir.

Mr. Mark Belnick will initiate the questioning.

Mr. BELNICK. Good morning, Mr. Abrams.

Mr. ABRAMS. Good morning.

Mr. BELNICK. By way of summarizing your background, you received an undergraduate degree from Harvard, did your Masters work at the London School of Economics and received a law degree from Harvard Law School?

Mr. ABRAMS. Correct.

Mr. BELNICK. You have served, as your opening statement indicated, on the staff of the late Senator Henry Jackson.

You served also on the staff of Senator Moynihan.

You became an Assistant Secretary of State for International Organization Affairs in January of 1981, served in that capacity until the end of the year, when you became Assistant Secretary of State for Human Rights and Humanitarian Affairs. And you served in that capacity until July 1985, when you assumed your current post as Assistant Secretary of State for Inter-American Affairs. Am I correct?

Mr. ABRAMS. That is correct.

Mr. BELNICK. Sir, your general responsibilities as Assistant Secretary of State for Inter-American Affairs included the entire Latin American region, am I right?

Mr. ABRAMS. Latin American and Caribbean.

Mr. BELNICK. And the Caribbean.

As you indicated in your opening statement, you are the senior diplomat under the Secretary of State responsible for U.S. diplomacy in the Central American region, is that correct?

Mr. ABRAMS. Correct.

Mr. BELNICK. You have been the chief manager of our policy in Central America since you assumed your current post in July 1985?

Mr. ABRAMS. Certainly at my level, yes.

Mr. BELNICK. All right, sir. Your predecessor as Assistant Secretary of State for Inter-American Affairs was Langhorne Motley?

Mr. ABRAMS. Correct.

Mr. **Belnick**. When you were appointed to your current post, did you receive any formal briefing into your new assignment?

Mr. **Abrams**. Not really in the department. I spoke to—I don't know if you call this formal or informal—I spoke to the office director of each office in the Bureau and spent a full day out at at CIA Headquarters getting briefed by, you know, the Mexican people, the Cuba people and so forth, including the Central American people, on all of the issues before the Bureau.

Mr. **Belnick**. All right, sir. Did you receive any briefing from any office on the Boland amendment restrictions which were then in force with respect to our policy in Nicaragua?

Mr. **Abrams**. I don't recall any specific briefing about the Boland amendment, but we were all aware of it.

Mr. **Belnick**. And you, of course, had read the Boland amendment?

Mr. **Abrams**. I am not sure if I had read it in my previous job but I read it at that point.

Mr. **Belnick**. You read it before you began acting in your new post, correct?

Mr. **Abrams**. Yes.

Mr. **Belnick**. Did you have a view after reading it as to whether the Boland amendment restrictions could apply to the National Security Council?

Mr. **Abrams**. Well, it was my assumption that they probably would.

Mr. **Belnick**. That they probably would?

Mr. **Abrams**. I never checked that with anybody but that was the working assumption.

Mr. **Belnick**. And that was your view after reading the statute, correct?

Mr. **Abrams**. It was my view that we would act as if it applied to everybody.

Mr. **Belnick**. All right, sir.

Now, there was a restricted interagency group, otherwise referred to as the RIG, on Latin America, in place when you became Assistant Secretary, correct?

Mr. **Abrams**. That is right.

Mr. **Belnick**. Would you describe what that restricted interagency group was?

Mr. **Abrams**. Yes, very happily, because I have heard an awful lot of inaccurate descriptions of it. In every bureau, in every one of the five regional bureaus of the department, there has got to be some mechanism for coordinating interagency activity. I was advised before I took this job that I had to have such, whether it was coffee once a week with the relevant official or officials of CIA and NSC, Department of Defense, or dinner once a week, whatever it was, I had to do something.

When I arrived at the bureau, I found, in fact, Assistant Secretary Motley had such an informal coordinating mechanism which he called a RIG. I had not previously heard that term, and as Assistant Secretary for Human Rights, I had never been aware that this thing existed, much less than invited to it.

But it was a group, as it turned out, not of the lead official from each of the four agencies, but rather a group of the lead three or four officials, a group, that is to say, of roughly 15 people and that seemed to me to be a very good idea.

I mean, the purpose of it was to spread information and share views; therefore, in a sense, the larger, the better. So, I took, it as I received it, and the only change in membership that took place was that I replaced Motley.

Mr. Belnick. As the Chairman?

Mr. Abrams. Correct.

Mr. Belnick. Which agencies of the Government were represented on the RIG that you inherited from Assistant Secretary Motley?

Mr. Abrams. CIA, both the Directorate of Operations and Directorate of Intelligence; The National Security Council; the Department of Defense, both the Office of the Secretary of Defense and the Joint Chiefs of Staff; and my bureau for the Department.

Mr. Belnick. How often did the RIG meet?

Mr. Abrams. Well, it theoretically met once a week. In fact, looking at my calendar, it really ended up meeting about once every other week.

Mr. Belnick. All right, sir.

Were any minutes or other records kept of RIG meetings?

Mr. Abrams. Not formally, and not by me.

Mr. Belnick. You are not aware of any minutes or records of meetings?

Mr. Abrams. I would—I would bet some of the other people there took notes. Some of the people from DOD certainly seemed to, and there may well be minutes around. There are no official minutes, because it wasn't a decisionmaking body. It was kind of an information-sharing, coordinating body.

Mr. Belnick. Was Oliver North a member of the RIG under your predecessor?

Mr. Abrams. Yes.

Mr. Belnick. And he continued?

Mr. Abrams. Yes.

Mr. Belnick. Was the Chief of the CIA Central American Task Force a member of the RIG under both your predecessor and during your tenure?

Mr. Abrams. Yes.

Mr. Belnick. At RIG meetings were there discussions during the period from July 1985 or through the fall of 1986 of the private network that was supplying the Contras in their efforts against the Sandinista regime? Was that subject discussed at RIG meetings from time to time?

Mr. Abrams. Well, we knew it was there. We tried to get some sense, maintain some sense of what the capabilities of the resistance were, how it was doing, doing badly or well. So, that was certainly discussed, how were they doing. There was no discussion of how this network operated, but it was quite obvious that it was out there.

Mr. Belnick. And you knew that it was supplying lethal assistance to the Nicaraguan Freedom Fighters, correct?

Mr. Abrams. That is correct.

I think we knew it was supplying only lethal assistance as time went by. We had a certain amount of intelligence reporting on what, in fact, was coming in from non-U.S. sources.

Mr. Belnick. Were there discussions at the RIG during 1985 and 1986 of the need to open a Southern Front against the Sandinista regime from Costa Rica?

Mr. Abrams. In the military sense, I don't really recall that. There was a—there were certainly discussions of the fact that the preponderance of resistance activity was in the north, and that was a mistake; that was too bad, partly because the political complexion of the resistance in the south was more attractive in this country and in Europe and in Latin America. It was thought to be a more liberal group in the south.

So, we were always trying to get those—let me say we in State were always trying to get the resistance people—that is to say, the Nicaraguan exiles in the south—more active.

I don't recall any real discussion of getting a military Southern Front going, because we weren't in the business of giving military aid.

Mr. Belnick. Were there discussions at the RIG meetings in 1985 and 1986 about fundraising efforts for the Contras either from private parties or from third countries?

Mr. Abrams. I would say not at the RIG. There were endless—an endless number of discussions about fundraising from Congress. It was the mechanism by which until what we used to call the Fortier group got established around January or February 1986, it was the mechanism for coordinating our congressional activities.

We did not discuss, I think, there the question of fundraising from other countries. We did discuss it once with essentially the same group of people on an airplane flight, I recall, to Central America. We sort of kicked around that idea. That was the only discussion of it that I can recall at what you might call a RIG.

Mr. Belnick. We'll get to that later.

From whom did the RIG get its direction on policy towards Central America, Mr. Abrams?

Mr. Abrams. Well, the RIG, as I said, was not a decisionmaking or policymaking body. It was a coordinating body. Policy was made as usual in the sense by the President, by the NSC, by the NSPG, by the Secretary of State.

Mr. Belnick. All right, sir. To whom did you report?

Mr. Abrams. The Secretary.

Mr. Belnick. How frequent—did you have regular meetings with the Secretary of State?

Mr. Abrams. I had a regular meeting once a week, supplemented by any meetings that I might request or by—well, let me go back.

I had one meeting with him per week on my Bureau's activities. Twice a week, in addition, we had broader meetings of what was called the regional Assistant Secretaries' meeting where all the regional Assistant Secretaries would meet, and I could raise with him any matter that I wanted. So that would be three times a week, plus whatever other meetings might take place. That is, if there was a foreign minister in town from my region, then I would take him to see the Secretary. So the number of times I saw the Secretary varied a lot.

Mr. Belnick. You had no trouble getting access to the Secretary when you needed to speak to him or report to him?

Mr. Abrams. Correct.

Mr. **Belnick**. And as you've told us during our interviews, apart from your responsibility as Assistant Secretary was to make judgments on when something ought to be reported upstairs and when it didn't have to be; correct?

Mr. **Abrams**. That's a very important part. If you keep telling the Secretary things he doesn't need to know, then you're wasting his time. If you don't tell him things he needs to know, then you're in trouble.

Mr. **Belnick**. You're aware, and you alluded to it moments ago, that there has been testimony before these committees that the true RIG, true policy implementing group on Central America was a three-person RIG, consisting of you, Colonel North, and the Chief of the CIA Central American Task Force. Ambassador Tambs, among others, was a witness who testified here that that was the true RIG and that it was the source of instructions that he was receiving. How do you respond to those claims and those assertions?

Mr. **Abrams**. Well, he doesn't know what he's talking about and he never attended a RIG meeting.

Mr. **Belnick**. Was there a three-person RIG consisting of you, North, and the Chief of the Central American Task Force of the CIA?

Mr. **Abrams**. There was not.

Mr. **Belnick**. Was there a de facto working group consisting of those three persons who effectively were the action-oriented persons on Central American policy?

Mr. **Abrams**. No, there was not. There were meetings among the three of us, as there were meetings among virtually any combination of two or three or four people within the RIG that you could find. But there was no sub-RIG or something like that.

Mr. **Belnick**. Do you have any idea where the witnesses who have testified to otherwise received the impression that there was a three-person sub-RIG or working group that was implementing policy and deciding on policy towards Nicaragua?

Mr. **Abrams**. Well, I can take a stab at it. That is, the fact is that I was the point man for the Department of State on this policy and—as the Task Force Chief was for the CIA. And as, in some sense, though that was a disputed sense, Colonel North was for NSC. And we did, by my calendar, about five times in 18 months, we did meet, though not alone. So I can see how that might have cropped up in some people's minds.

Mr. **Belnick**. Sir, from looking at your calendar, by my calculation, during the first 6 months of 1986, there were four RIG meetings that might have pertained to Central America. Those are listed as just RIG as opposed to RIG on country x or country y, which was outside of Central America.

Four RIG meetings that might have pertained to Central America and seven meetings listed among you, Oliver North, and the Chief of the Agency, Central America Task Force.

What went on at those seven meetings of the three of you?

Mr. **Abrams**. I don't believe there were seven meetings of the three of us. My memory is that it would usually be my practice, as I said, to include in meetings a Foreign Service officer.

For the most part, that would have been my Deputy Assistant Secretary for Central America. It might on occasion have been others within the Bureau.

So I really can't tell you from my calendar how many times North, the Task Force Chief, and I met. We certainly did meet.

I would have very serious doubt that it is seven times. Alone, without a foreign service officer present. What would happen when we did meet——

Mr. **Belnick**. Yes, sir.

Mr. **Abrams**. One of the things we would do, that I would do would be to make an effort to keep the two of them, that is to say, the Task Force Chief and Colonel North working together in harmony.

There was a certain degree of rivalry there. These were the two men who knew the resistance leaders best. These were the two men whose relationships with them went back a couple of years, and there was a certain degree of rivalry; as to who represented their interests, that is to say, who knew what their interests were best, who knew what they wanted best, who knew them best, who had the most accurate reporting on how—what their situation was.

So that was one thing. It was just a kind of personnel management, you might say. This was also an occasion on which they could, one or the other of them could say things to me about people who worked for me, if they wanted to, about an ambassador, about somebody in their own bureaucracy, about whom they really didn't want to talk in a larger group.

How was so-and-so doing, that kind of thing.

Mr. **Belnick**. You recognized two of them as the persons most knowledgeable about the situation in Nicaragua in the Government, correct?

Mr. **Abrams**. Yes.

Mr. **Belnick**. Was there any other sub-grouping of the RIG that you met with alone or with a foreign officer on any regular basis? Your calendar doesn't indicate.

Mr. **Abrams**. I would have met probably with the agency people alone, maybe after meetings. That is, either the Chief of the Latin American Division or the Chief of the Task Force or both would stay behind at a meeting sometimes after a RIG meeting.

Mr. **Belnick**. Sir, when it came to Nicaragua——

Mr. **Abrams**. That would be to discuss Nicaragua. But other than that, I would say not.

Mr. **Belnick**. Now, the discussions that you say you had with Colonel North and the Task Force Chief on—you recall five occasions meeting with them either alone or with a Foreign Service officer?

Mr. **Abrams**. Well, I don't recall it. I took a look at the datebook some time ago. I think I counted five.

Mr. **Belnick**. All right, sir. If it was five meetings——

Mr. **Abrams**. It could have been seven.

Mr. **Belnick**. Pardon?

Mr. **Abrams**. It could be seven.

Mr. **Belnick**. All right. Those five or seven meetings, your recollection is the subject matter was essentially turf issues between the CIA and the NSC?

Mr. **Abrams**. No. I don't actually remember. I can't tell you what the subject matter was at any of those meetings. I can tell you the kinds of issues which we had to discuss.

We had—it is not that we discussed turf issues. It is rather that it was useful to have these discussions because—see, one of the most important parts of my job for the Secretary was to try to keep the interagency relationships smooth.

If it gets rough, then it gets kicked upstairs and takes his time, dealing with his colleagues in other agencies. So one of the key jobs that I had and have was to keep interagency relationships good, and I think they are. One of the ways of accomplishing that was to meet with these people.

Mr. **Belnick**. At any of the sessions five or seven, of the Task Force Chief, you and Colonel North and perhaps the Foreign Service officer, did you discuss the military situation with respect to the Contras and the Sandinistas?

Mr. **Abrams**. I have no doubt that we did. It would be odd if we did not.

Mr. **Belnick**. Did you discuss at any of those sessions the construction of a secret airfield in Costa Rica as part of the Contra supply effort?

Mr. **Abrams**. I don't believe so.

Mr. **Belnick**. Did you discuss the activities directed towards opening a Southern Front against the Sandinistas at those sessions with the Task Force Chief and Lt. Col. North?

Mr. **Abrams**. Again, we would not have discussed opening a Southern Front. We would certainly have discussed the situation in the south; that is, how were the resistance fighters in the south doing, what was their situation, their supplies or lack of supplies, their military success or lack of it, their political cohesion or lack of it. We certainly would have talked about that.

Mr. **Belnick**. Lastly, sir, on this point, if there was something that you wanted to find out about the Contras or the private network that was supplying them, you would have turned to Colonel North or to the Task Force Chief?

Mr. **Abrams**. Usually. I mean, it would depend. There were issues which were more political in nature where I might have turned as well to one of our Embassies. The two people who knew most about it were North and the Task Force Chief, and I would usually have turned to them.

Mr. **Belnick**. Now, the Department of State has a Bureau of Intelligence and Research, does it not?

Mr. **Abrams**. Correct.

Mr. **Belnick**. Referred to as INR?

Mr. **Abrams**. Correct.

Mr. **Belnick**. What is the function of that Bureau?

Mr. **Abrams**. The function of that Bureau is to provide a view which is not the Agency's view of intelligence matters. That is to say, they do not generate intelligence. Intelligence is generated by Agency people in the field, Department people in the field, DOD people in the field, but they analyze it separately from the analysis which is done at DOD and CIA, and come up with their own analysis.

Mr. **Belnick**. When you became Assistant Secretary for Inter-American Affairs, Mort Abramowitz was the person in charge of INR at that time?

Mr. **Abrams**. You know, I think not. I don't remember when he came in.

Mr. **Belnick**. Do you recall, though, that Ambassador Frank McNeil was the senior Deputy Assistant Secretary in INR in 1985?

Mr. **Abrams**. I think that is correct.

Mr. **Belnick**. Under your predecessor, INR was represented at the RIG meetings on Central America, was it not?

Mr. **Abrams**. I don't believe so.

Mr. **Belnick**. Was it decided during your term that INR representatives would not attend RIG meetings?

Mr. **Abrams**. It was decided to maintain the RIG exactly as it was. A very large number of people wanted to get in, and we made, I made, I made the decision to bar the door. That is to maintain it as it had been, partly because I felt you couldn't make exceptions. If people from the Department outside of ARA, which is the initials for my bureau, were going to get in, they were all going to get in, so we didn't let anybody—we represented the Department. All right?

Mr. **Belnick**. Was there a reason you didn't want anybody from the State Department's INR Bureau at those RIG meetings?

Mr. **Abrams**. There was a reason we didn't want anybody from any other bureau, which was we thought you couldn't make invidious comparisons among bureaus. We had requests from others to attend as well. The Bureau of Political Military Affairs put a strong push, the OAS mission put on a strong push, and we just decided—I just decided no.

Mr. **Belnick**. All right, sir.

Did you consider that INR had a biased view towards the situation in Nicaragua?

Mr. **Abrams**. Oh, I think I would have said that Ambassador McNeil had a biased view.

Mr. **Belnick**. What did you perceive to be that bias?

Mr. **Abrams**. A bias against the policy which we were conducting.

Mr. **Belnick**. All right, sir.

You first met Oliver North on a trip to Central America in 1983 or 1984?

Mr. **Abrams**. I looked it up once. I think it was November, 1983.

Mr. **Belnick**. And the next time you dealt with him was after you became Assistant Secretary in the Inter-American Affairs Bureau, yes?

Mr. **Abrams**. I think that is not right.

Mr. **Belnick**. When did you deal with him again, sir?

Mr. **Abrams**. In the fall of eighty—no, I said fall of 1984, if I remember right. Again, this comes from the calendar. The late Mr. Fortier called a meeting. My calendar does not show what the purpose of the meeting was. But I think it was probably to talk about Central America, about public perceptions.

Anyway, Mr. Fortier called a meeting and I attended and a bunch of other people attended, but one of them was Colonel North.

Mr. **Belnick.** All right, sir. You began to work——

Mr. **Abrams.** Let me just add, we also, my data shows, had one or two or three connections—I don't remember the number—when I had been named to this job, but had not yet been confirmed and sworn in. That is the spring of 1985.

Mr. **Belnick.** All right.

Once you began functioning as Assistant Secretary for Inter-American Affairs, you worked closely with Colonel North on Central American matters, is that correct?

Mr. **Abrams.** That is correct.

Mr. **Belnick.** You could speak to him when you needed to, assuming he was around?

Mr. **Abrams.** Well, that's right. He was out of the country a lot but when he was around, reasonably quickly.

Mr. **Belnick.** All right.

As you have said in the past, you believe that Colonel North had more information about the private network that was supplying the Contras than even the CIA did, am I correct?

Mr. **Abrams.** Correct.

Mr. **Belnick.** He was the closest person so far as you could tell and as you've testified in the past to the private benefactors who were raising funds in this country in support of the Nicaraguan Freedom Fighters, correct?

Mr. **Abrams.** That's correct. He certainly knew the most about them or seemed to.

Mr. **Belnick.** Now, during your period from July 1985 through October, 1986, what did you know concerning the nature of Colonel North's efforts regarding fundraising in this country on behalf of the Contras?

Mr. **Abrams.** I knew that he knew more about it than we in the Department did and that he seemed to know more about it than the CIA did.

He once told me, for example, that there was a big network out there of people and companies and bank accounts which nobody else ever said to me. So I mean that is the kind of thing that led to my having the view that he knew more about it than others did.

Mr. **Belnick.** By the way, when he said that, did you ask him for details about that big network?

Mr. **Abrams.** No.

Mr. **Belnick.** Did you ask him about the bank accounts or how he knew about them?

Mr. **Abrams.** No.

Mr. **Belnick.** Why not?

Mr. **Abrams.** I was not his supervisor. He worked for a different agency. I was supervising my people.

I did ask him at a couple of occasions, and I cannot place the exact dates, whether he was abiding by the law. And on one occasion in particular, I remember he said:

> I have never solicited a nickel—

He may have said a dime.

> I am not breaking a law. I have checked with White House counsel. Or, I have—

I'm not quoting, but words to that effect.

I have run this by White House counsel.

It was not my practice, is not my practice, has not been except now when I am authorized and really compelled to do so by law, to try to reach out and supervise the activities of these coordinate agencies, least of all the White House.

Mr. **Belnick**. When he told you that what he was doing was legal, did you know what he was doing?

Mr. **Abrams**. Well, I assumed you knew what he was doing.

Mr. **Belnick**. What did you assume that he was doing?

Mr. **Abrams**. I assumed he was trying to keep track of all those people out there and what they were doing.

For example, I assumed that there was not one General Singlaub, but rather there were a number of what you might call Singlaub-type operations. That is to say, people who supported the resistance and who were actively raising funds for the resistance, and that the person who knew most about all of those efforts was Colonel North.

Mr. **Belnick**. Did you ever ask Colonel North specifically what he was doing with respect to fundraising for the Contras?

Mr. **Abrams**. No. I think you have to remember, first of all, he told me that he had run this by—he had gotten some legal advice.

Secondly, comment had been made on this by the National Security Adviser to the Congress saying that he was not—I don't remember the exact words, but directing or according or something like that—and what I assumed he was doing was essentially monitoring. That is, he was trying to keep track, and that was important, because we needed to have at least a general sense of what they had.

Now, as the months rolled by, Congress began to roll back—I am starting July 1985—began to roll back the limitations on CIA, and with each rollback the amount of information we received from CIA grew with respect to what was being received. By 1986, we were actually getting CIA reports which said, today 3,000 rifles arrived and that sort of thing.

Mr. **Belnick**. Sir, you were aware, as you have testified in the past, of constant rumors and reports that Colonel North was engaged in fundraising for the Nicaraguan Freedom Fighters, correct?

Mr. **Abrams**. That is correct.

Mr. **Belnick**. And as you also have testified, everybody involved in the RIG, according to your testimony, knew that North was somehow connected with the private fundraising, but did not know exactly how, correct?

Mr. **Abrams**. Correct.

Mr. **Belnick**. And you have also said that with that knowledge of those reports—and I am quoting you—"most of us were careful not to ask North lots of questions." Correct?

Mr. **Abrams**. Correct.

Mr. **Belnick**. That was your position?

Mr. **Abrams**. That is correct.

Mr. **Belnick**. Why were you careful not to ask Lt. Col. North lots of questions, or any questions specifically about what he was doing to support the Contras?

Mr. **Abrams**. Well, I'd give two responses really. First of all, I thought, especially after Mr. McFarlane had flatly so stated to Congress and after Colonel North had flatly so stated to me, that he was not soliciting funds, nor was he kind of directing the solicitation of funds. He had said that straight to me, and Mr. McFarlane had said it in pretty categorical terms to Congress. So that was out.

Secondly, it has been my experience in this program that whenever I reached out, I paid a price for it, and I will just—we are jumping ahead but let me give you an example. I recall when General Singlaub asked to see me in April, and I remember saying to myself, I have no reason to see General Singlaub, I don't have any business with General Singlaub. Maybe I will get in trouble if I go see—rather if I say to General Singlaub come see me. But I have been a great admirer of General Singlaub, still am.

I thought, he wants to see me, fine. I thought I am going to get accused of facilitation if I see General Singlaub, even if I don't do anything for General Singlaub. Sure enough, I didn't do anything for General Singlaub, and I have been accused of facilitation.

The atmosphere was one of such great controversiality in policy, so many accusations being thrown around, so much difficulty in understanding precisely what the limits of the law were that it was certainly not conducive to having people trying to supervise activities which were not theirs and for which they had no responsibility.

Mr. **Belnick**. You felt you would be damned either way?

Mr. **Abrams**. I felt I would be and in the case of Singlaub, I have been.

Mr. **Belnick**. Sir, did you also feel a hands-off policy was the best way of complying with the Boland amendment, there were certain things you said you didn't want to know?

Mr. **Abrams**. Well, the Boland amendment, I believe perversely and against the intention of the drafters, had that impact, at least part of the time. That is, I knew that nothing the State Department was doing—or thought I knew nothing the State Department was doing—could possibly be considered a violation of the Boland amendment. That was my main concern.

My behavior and the people who worked for me first in the Bureau and then in the Embassies, that was my main concern with respect to Boland. Again, the responsibility is greater now.

Mr. **Belnick**. Is it true, sir, that your position was that there were certain things you did not want to know?

Mr. **Abrams**. I would say that there were, that I wanted to know what my people were doing in detail. They were to report to me. I was their supervisor. With respect to people in other agencies, as long as I was sure they were not violating the law, that was what I needed to know, and I didn't need to know the details beyond that.

Mr. **Belnick**. That included Colonel North?

Mr. **Abrams**. Oh, sure.

Mr. **Belnick**. Do you recall what it was that caused you to go to Colonel North and ask him if what he was doing was legal?

Mr. **Abrams**. I assumed it was one of those press reports?

Mr. **Belnick**. Do you recall whether the Secretary of State shared your view that it was best for you not to ask or to know what Colonel North was doing specifically?

Mr. **Abrams**. We had a conversation in—around Labor Day, 1985, in which—my memory is that I said something to him like, "All these accusations about Colonel North, you want me to try to find out whether they are true and what he is up to, or do you want me to sort of leave?"

And he said, "No, you have got to know."

The note that I have in my notebook says, "Monitor Ollie," and I thought that I had, in fact, met that responsibility first by his assurances that he was not soliciting; second, by Mr. McFarlane's assurances to Congress; and third, by the fact that we worked together and it seemed to me we had these RIG meetings—it seemed to me I had a good grasp on what he was doing.

Mr. **Belnick**. You went to the Secretary of State, raised the subject of North's possible connection with fundraising for lethal aid on that occasion, which, I believe was September 4, 1985, correct, sir?

Mr. **Abrams**. I think that is right.

Mr. **Belnick**. And the Secretary of State told you that we, the State Department, don't want to be in the dark. Do you recall that?

Mr. **Abrams**. I don't recall the exact words, but that is certainly the general sense of it.

Mr. **Belnick**. Yes, sir. He told you that you were the overall manager of the Central American picture, correct.

Mr. **Abrams**. Again, I don't remember the exact words.

Mr. **Belnick**. But, in substance, that is what he——

Mr. **Abrams**. I think so.

Mr. **Belnick**. He told you, therefore, you ought to, as your own note of the meeting records, you ought to monitor Ollie, correct?

Mr. **Abrams**. Correct.

Mr. **Belnick**. Did you tell the Secretary of State at that meeting that you didn't think you needed to monitor Ollie or that you believed you had already monitored him sufficiently by asking him whether he was soliciting and hearing that he wasn't?

Mr. **Abrams**. No, because that wasn't true.

Mr. **Belnick**. All right.

Mr. **Abrams**. Monitor Ollie is not an activity that you do one morning. It is a——

Mr. **Belnick**. That is for sure.

Mr. **Abrams**. It is a behavior pattern. Let's put it that way.

Again, I think that I did that through at least three actions, or three things happened, one of which was I asked him. Another thing was that Mr. McFarlane—don't forget when the Secretary—I believe when the Secretary said that to me, I did not and he did not have—at least I did not—have the National Security Adviser's categorical assurances to Congress that none of this was going on.

You had press stories saying, "Is this going on?" I am not sure I would have asked the Secretary that if the day before the National Security Adviser had said, "All that stuff in the press is not true."

Mr. **Belnick**. What did you do to monitor Ollie and follow his behavior pattern after your meeting with the Secretary of State?

Mr. **Abrams**. Well, we had relatively regular meetings at the RIG. We had phone calls on an irregular but continuing basis. We had conversations on a couple of occasions in which I asked him what he was doing. And I thought I had a pretty good grasp of what he was doing.

Mr. **Belnick**. All right.

Did you ever ask him, though, for specifics about what his connection was with the private network that was supplying the Contras?

Mr. **Abrams**. Not in so many words. I thought I knew what he was doing. I thought that he was—well, the best word is "monitoring."

Mr. **Belnick**. All right, sir.

Now, do you recall reading an article in the *Miami Herald* about Colonel North's actions in or about the end of April 1986? And I will refer you to exhibit 33.

Mr. **Abrams**. I did not recall this, but I was looking at the exhibit book downstairs before, so I took a look at it about half an hour ago.

Mr. **Belnick**. And having looked at that article which is entitled "Colonel's Actions May Have Broken Contra Aid Ban," do you recall having read it around the time it was published?

Mr. **Abrams**. I know I read a memo about it. I don't actually recall it.

Mr. **Belnick**. That memo appears as exhibit 44 in your binder, and this is a memo that you wrote to Mr. Abramowitz, who by then was head of the State Department's Bureau of INR; is that correct?

Mr. **Abrams**. That is correct.

Mr. **Belnick**. This article reported sources concerning Colonel North was involved in supplying or facilitating the supply of the lethal aid to the Freedom Fighters; correct?

Mr. **Abrams**. Well, I would have to look at it.

Mr. **Belnick**. Please. Exhibit 33.

Mr. **Abrams**. How did you characterize it?

Mr. **Belnick**. This was an article that asserted Colonel North, according to sources, was involved in some way in facilitating the provisions of lethal aid to the Contras.

Mr. **Abrams**. I think that is fair.

Mr. **Belnick**. Is that correct?

Mr. **Abrams**. Yes.

Mr. **Belnick**. It also reported on Rob Owen, who was then working with the State Department's Nicaraguan Humanitarian Assistance Office, correct? Do you see that?

Mr. **Abrams**. I am not sure when the contract ended, but——

Mr. **Belnick**. But it did contain reports about Rob Owen and his association with this effort, correct?

Mr. **Abrams**. Yes.

Mr. **Belnick**. And, sir, the nature of the memo that you wrote in response to this article to Mr. Abramowitz, exhibit 44, was to complain about the fact that part of this report apparently had come from someone in the State Department, correct?

Mr. **Abrams**. No, not exactly.

Mr. **Belnick**. All right, sir.

How would you characterize your memo?

Mr. **Abrams**. It was to complain about the fact a State Department intelligence analyst, that is to say an employee of his, was cited in the article—not the first time. See, whenever there was what I would consider to be a leak or an unauthorized contact with the press, in my bureau I immediately contacted the Security Bureau and asked for an investigation.

Every one of those—in every one that I can recall—they would come around and interview me, interview my deputies, the office records, in an effort to find out who was doing this.

Here was an example of someone who did not work for me, who apparently worked for Mort Abramowitz, who was engaging in the same kind of thing, taking what I would consider to be cheap shots, inaccurate cheap shots at the program. It was not the first time that had happened. I recall other instances of newspaper articles or of hearing from people outside of a newspaper article that somebody in INR had said something or other, and there is no real function for INR to brief the press on things.

And so I decided on this occasion to complain about it. The way to complain about it is not really to go to the Security Bureau—that is what I really did for my Bureau—but, rather, to go to Ambassador Abramowitz and say, hey——

Mr. **Belnick**. Somebody in your Bureau is leaking?

Mr. **Abrams**. Essentially. I think that is a fair summary.

Mr. **Belnick**. Did you believe there was somebody——

Mr. **Abrams**. Leaking at least is frequently accurate, and this seemed to be inaccurate. It seemed to be an attack on the program and a really unfair one.

Mr. **Belnick**. Is there anything in the memo that you wrote to Mr. Abramowitz, exhibit 44, that says that what was contained in the *Miami Herald* article was inaccurate or false in any way?

Mr. **Abrams**. No.

Mr. **Belnick**. All right, sir.

I would like to talk to you briefly about Ambassador Tambs.

Did you have any conversations with Ambassador Tambs before he took up his post as Ambassador to Costa Rica in the summer of 1985?

Mr. **Abrams**. Yes, sir. It is customary, when an ambassador is going out to his post, for his—to meet with his assistant secretary. And at some point in the spring I had such a meeting with him. It took place in my office, as Assistant Secretary of State for Human Rights.

Mr. **Belnick**. What did you discuss on that occasion?

Mr. **Abrams**. We discussed Costa Rica. We discussed mostly Costa Rica in the context of the regional security problem— that is, in the context of Nicaragua—and we talked about regional policy, I think, more than we did—I didn't know really enough to talk about, and I'm sure he did—Costa Rica and politics, Costa Rica and economics and so forth.

So we talked more about the regional issues.

Mr. **Belnick**. Did you ever tell Ambassador Tambs, either on that occasion or any time subsequently, that one of his missions as Ambassador to Costa Rica was to assist the opening of a Southern Military Front in Nicaragua against the Sandinista regime?

Mr. **Abrams**. At no time whatsoever.

Mr. **Belnick**. Did Ambassador Tambs ever tell you that any such instruction had been given to him by Colonel North or anyone else?

Mr. **Abrams**. He did not. However, the circumstances of Ambassador Tambs' departure was somewhat bizarre. In the fall of 1986, President Arias came to the United States for an official visit. The morning of, or perhaps the day before—I don't recall exactly—the visit, and without any notice to the Department of State, none whatsoever, Ambassador Tambs announced to his staff in San Jose at the Embassy, "I quit. My mission was to found a Southern Front. I was sent here to set up a Southern Front. I have completed that mission and, therefore, it is time for me to go."

We found out about it because a member of the staff telephoned the Department and said, hey, do you know that Ambassador Tambs just resigned, and we said, no.

In fact, we don't have an Ambassador in Costa Rica today, in part because of having no lead time, we haven't been able to get somebody in place and confirmed and so forth. We are still working on that.

I knew at that point, that is, the day of the Arias visit, he told President Arias on the airplane, again before he told the Department. So I found out at that point that he believed that this was his mission in Costa Rica.

Mr. **Belnick**. Have you ever discussed that belief with him, personally, directly?

Mr. **Abrams**. I don't believe I have talked to him. We saw each other during the visit.

The answer to your question is no.

Mr. **Belnick**. All right, sir.

Mr. **Abrams**. I should say, by the way, it is not my practice—with one exception—it is not my practice to meet with people alone. Being part of a hierarchy, it is important to spread information both up and down and sideways, and it is a lot easier to do if there is someone who is a note-taker.

The meeting with Ambassador Tambs to which I referred, in the spring of 1985, had present the desk officer for Costa Rica.

Mr. **Belnick**. Did Colonel North ever tell you that he had discussed opening a Southern Military Front with Ambassador Tambs?

Mr. **Abrams**. No, sir.

Mr. **Belnick**. Did you ever hear anything like that from the Task Force Chief?

Mr. **Abrams**. No.

Mr. **Belnick**. All right.

Mr. **Abrams**. It is part of the duties of all our our ambassadors to Central America to support the resistance. We are now talking about the summer of 1985. I read in my opening statement from the policy of the United States, as enacted by Congress, and Congress had just approved $27 million for us to distribute to support a fighting force.

So it was the duty of every ambassador to support U.S. policy, to try to get the Government of the country to which he was assigned, this wasn't true only in Central America, but most importantly in Central America, to support that policy.

Ambassador Tambs certainly had that responsibility and the responsibility of working with the resistance in Costa Rica. He did not have the responsibility to, quote, "set up a Southern Front".

Mr. **Belnick**. You just referred to Congress having approved $27 million to support a fight force, correct?

Mr. **Abrams**. Yes.

Mr. **Belnick**. Are you referring to the $27 million in humanitarian aid that the Congress approved in the summer of 1985?

Mr. **Abrams**. I am.

Mr. **Belnick**. All right, sir.

Mr. **Abrams**. I am, sir.

Mr. **Belnick**. Ambassador Tambs did receive written instructions before he took up his post in Costa Rica, did he not?

Mr. **Abrams**. Every ambassador does. He received a letter from the Secretary similarly.

Mr. **Belnick**. Is that letter, the parts of it that have been declassified, in any event, exhibit 27 in your binder?

Mr. **Abrams**. Yes.

Mr. **Belnick**. All right, sir. And at the end of that letter, the Secretary states in the second to last paragraph,

> I know that in the course of your duties you will have contact with many officials on a variety of matters and you will receive solicited and unsolicited advice and counsel on actions you should take. I want to emphasize that the line of authority runs from the President through me to Assistant Secretary Abrams.

Sir, was that your understanding as well of the line of authority?

Mr. **Abrams**. That is right. I should state that is known as the Motley clause. Ambassador Motley as Assistant Secretary had trouble on at least one occasion with ambassadors reporting to the White House. And he had adopted the practice of asking the Secretary to put that clause in letters of instructions to ambassadors in the Latin America-Caribbean region to make sure they understood exactly how they were to report.

Mr. **Belnick**. All right, sir. Then in the final paragraph of the letter, still the same exhibit 27, the Secretary writes to Ambassador Tambs,

> I have directed Assistant Secretary Abrams to issue instructions in my name and serve as the primary communications link between me and the chiefs of mission in his area of responsibility. You should channel all messages dealing with policy proposals, policy implementation, program activities and post-operations to or through him with the understanding that for extraordinary situations there are channels of direct communication with me that are available for your use.

And you understood that to be the case as well in terms of how Ambassador Tambs ordinarily should be communicating with the Department, correct?

Mr. **Abrams**. Two comments, if I can.

First, just to draw your attention to page 1 of the letter in which U.S. objectives in Costa Rica are set forth, there are four listed, none of them is open a Southern Front.

But second, Ambassador Tambs testified if you wanted to keep something secret, you couldn't send it through State Department channels. That is false.

We are able to maintain in the Department adequate secrecy through the use of a variety of channels available to every Ambassador.

We will come to Brunei later. There is an example of something we maintained absolutely secret, using a particular State Department channel. Ambassadors are supposed to report in State Department channels.

Mr. Belnick. And you never told Ambassador Tambs otherwise?

Mr. Abrams. Absolutely not.

Mr. Belnick. And you never sent a message to him through anyone from the CIA he ought to report to different or back channels to you?

Mr. Abrams. I don't send messages to Ambassadors through the CIA. That is what the State Department communications channels are for. In my experience, when you have an Ambassador reporting to the CIA, what you have got is an Ambassador who has been taken over by a Station Chief.

Mr. Belnick. All right, sir. Did you, in fact, receive, aside from the cable which we will get to concerning Eden Pastora and General Singlaub, aside from that, did you receive back channel communications from Ambassador Tambs via the CIA?

Mr. Abrams. Well, there is one in here in the book. Very rare to receive a back channel communication from any Ambassador. You know, I think, for example, of a more active Embassy, El Salvador, I can't recall really receiving a back channel. In the case of Ambassador Tambs, in my memory the testimony is he sent two or three, and two or three over 18 months is conceivable to me.

Mr. Belnick. All right, sir.

Did you ever discuss with Ambassador Tambs on any occasion when you were in Costa Rica or if he was in the United States, exactly what he was doing as Ambassador to Costa Rica to facilitate or help the resistance?

Mr. Abrams. Oh, I am sure we did. I am sure we discussed it both in my visits to Costa Rica and in his visits to Washington. He would have normally made a couple. And in cable traffic as well.

Mr. Belnick. What did Ambassador Tambs tell you that he was doing?

Mr. Abrams. My impression was that he was doing essentially what he should be doing.

Mr. Belnick. Which was what?

Mr. Abrams. He should be in contact. I mean when I say he, he and his staff in the Embassy should be in contact with the significant elements of the resistance who were living in Costa Rica.

We were, generally speaking, pursuing a policy of trying to promote unity on the part of all of the Nicaraguan resistance elements. We wanted them all to cooperate with each other.

In fact, at one point we told them that one of the—this would be sort of March 1986, that to qualify for aid from the United States, one of the things that you needed to do was to be willing to work with the other resistance elements. That was one thing.

Another thing he had to do, he had many duties that did not relate to the resistance. We are not talking about that. But with respect to the resistance, for example, he had to try to monitor to some degree drug trafficking charges to make sure there were none such. There were no—there was no drug trafficking being conducted by people in the resistance. That was another one of his responsibilities. He had to talk to the Government of Costa Rica because, for one thing, we did not want them to throw all Nicaraguan refugees out of Costa Rica, which they did not do. That was the kind of thing he was supposed to be doing, which I think he did do.

Mr. **Belnick**. Did there come a time you learned one of the things he was doing was talking to the Costa Rican Government about the construction of an airstrip at a site known as Point West to be used in Contra supply?

Mr. **Abrams**. Yes.

Mr. **Belnick**. When did you first learn of that proposed airstrip project?

Mr. **Abrams**. I learned of the project rather earlier than I learned of his involvement with the Costa Rican Government. Of that, I learned when he testified here. I learned of that in—I learned of the existence of the airstrip probably in August, being that I was sworn in late in July. Probably in August 1985, maybe September 1985. But that's the time period.

Mr. **Belnick**. How did you learn of the project at that time?

Mr. **Abrams**. I don't recall any conversation in particular in which I was told of it. The—as you know, the former Station Chief has testified that I told him that it was Colonel North. That's perfectly logical and plausible to me.

Mr. **Belnick**. You don't recall whether you learned about the airstrip from Colonel North or from someone in the Agency?

Mr. **Abrams**. That's correct. I don't recall.

Mr. **Belnick**. What do you recall learning?

Mr. **Abrams**. That there was an airstrip being built by the private benefactors, as we used to call them, in Costa Rica, that this was a project which was either under way or about to be under way, period.

Mr. **Belnick**. Did you learn whether the U.S. Government or any U.S. Government officials were involved in that project?

Mr. **Abrams**. Well, it was pretty clear from the way it was told to me that no U.S. Government officials were involved in the project. That would have been illegal.

Mr. **Belnick**. Did someone tell you specifically no U.S. Government officials were involved?

Mr. **Abrams**. I doubt it was said in so many words. It was obvious no U.S. Government officials could be involved.

Mr. **Belnick**. How was it obvious?

Mr. **Abrams**. It would have been illegal.

Mr. **Belnick**. Therefore you assumed no one was involved?

Mr. **Abrams**. Yes.

Mr. **Belnick**. Did you ever ask Colonel North whether he was involved with the airstrip project or the private benefactors constructing it?

Mr. **Abrams**. No.

Mr. **Belnick**. All right, sir.

How did you assume from what you were told that these private American citizens were going to get the permission of the Costa Rican Government to build an airstrip to help the Contras?

Mr. **Abrams**. I didn't make an assumption.

Mr. **Belnick**. Did you have——

Mr. **Abrams**. I was told—the way I was told, there was an airstrip being built or about to be built. I don't think it actually occurred to me that they needed the—I mean, to ask, what about the Costa Rican Government.

Mr. **Belnick**. Did you have a conversation with the———

Mr. **Abrams**. I should say there are in Central America and the Caribbean probably hundreds of privately owned airstrips. I'm not even sure you need government permission.

Mr. **Belnick**. This was going to be more than a privately owned airstrip, wasn't it, Mr. Abrams?

Mr. **Abrams**. It was supposed to be, as I recall, what I was told it was an airstrip to be used by—well, I don't know whether it was to be used by the resistance or by the benefactors, but to be used at least by the benefactors for the resistance.

Mr. **Belnick**. It was to be used on behalf of the armed resistance against the Sandinistas?

Mr. **Abrams**. Precisely.

Mr. **Belnick**. So not your average private airstrip?

Mr. **Abrams**. A lot of airstrips are used by drug traffickers.

Mr. **Belnick**. You didn't assume this was going to be a drug trafficking airstrip?

Mr. **Abrams**. I was told, as I recall, this is an airstrip being built—again, I can't say whether for the use of the resistance, but either—the purpose of it is to help the resistance. Let's put it that way.

Mr. **Belnick**. Didn't you assume, as indeed you've told us, that the Costa Rican Government would have to give permission for such an airstrip to be built and used for that purpose, to aid the resistance?

Mr. **Abrams**. I don't know that it ever occurred to me. If you ask me the question, I think the answer is yes.

Mr. **Belnick**. But you didn't think about that at the time?

Mr. **Abrams**. I don't think so.

Mr. **Belnick**. Sir, you knew that the senior CIA representative in Costa Rica was involved in some way with the airstrip?

Mr. **Abrams**. I did not.

Mr. **Belnick**. You knew he was knowledgeable about it?

Mr. **Abrams**. I did not.

Mr. **Belnick**. Didn't there come a time in the fall of 1985 when you were in Costa Rica meeting with the senior CIA representative and two of his assistants, correct?

Mr. **Abrams**. That is correct.

Mr. **Belnick**. And you asked him, what about the airstrip, because you were surprised he hadn't mentioned it to you; is that correct?

Mr. **Abrams**. That's correct.

Mr. **Belnick**. And because you were surprised—excuse me, weren't you surprised because you believed that he knew about the airstrip?

Mr. **Abrams**. I was surprised because I had spent at least, I would say by memory, at least an hour with the Station Chief and two of his staff members. And they gave me what was purported by them and believed by me to be a totally complete briefing on everything going on in Costa Rica. There wasn't supposed to be a lawn getting mowed in Costa Rica without them knowing about it.

I have since sort of—I was new in the job. I had kind of exaggerated the degree to which we can know the degree to what is going on in another country. But that was my view.

They gave me a full, complete, total briefing. I knew something they didn't seem to know. I had been told there was an airstrip being built. Come on, how is it possible they did not know this?

I said to the Station Chief when the briefing was theoretically over, "Isn't there an airstrip being built someplace?"

I believe he has testified correctly that he nearly had a cardiac. I thought he was going to fall off his chair. He looked at me and he looked at the two guys, and he looked at me and looked at the two guys. It became apparent that his real concern was them. He said something to the effect that they don't know about that or they didn't know about that. They knew about it then.

It just seemed to me obvious that if somebody is building a—I mean, he was supposed to be reporting on things like this. It was very odd to me he didn't know about it.

Of course, he did know about it. He said to me, "Yes, these two guys didn't know about that. Yes," and he showed me—my memory is he actually had a map or we had a map or there was a map in the room. He showed me where it was, and he said something to the effect that "It isn't open yet" or "It isn't started yet."

In other words, this is an airstrip which is not in use, was what stayed in my mind. That was the end of that.

Mr. **Belnick**. Did you ask the Station Chief why it was such a secret from others who were working with him?

Mr. **Abrams**. No. I had no reason to question who in his station he was telling what.

Mr. **Belnick**. Did you ask the Station Chief whether anybody from our government was involved in the construction of the airstrip?

Mr. **Abrams**. No. It had been presented to me, I think, as a private benefactor effort. I did not assume and do not assume people are violating the law.

Mr. **Belnick**. Did I hear you correctly say a few moments ago that the first time you knew that Ambassador Tambs had spoken to the Costa Rican Government or negotiated with the Government about the airstrip was when he testified here last week?

Mr. **Abrams**. That is correct. He never reported that to the Department of State.

Mr. **Belnick**. Did you ever ask him once you found out about the airstrip whether he had had any contact with the Costa Rican Government about that matter?

Mr. **Abrams**. No. It would never have occurred to me that an Ambassador would do something like that without checking with the Department.

Mr. **Belnick**. Did you ask him to check with the Costa Rican Government as to their knowledge or approval of the airstrip?

Mr. **Abrams**. No.

Mr. **Belnick**. That was something you wanted to stay away from?

Mr. **Abrams**. No. It was—I mean, if the private—if some group of private benefactors had gotten permission to do this, you know, here you get into it again. That was exactly the kind of thing where you start getting—put yourself in the middle of that, what may have been a negotiation between the benefactors, what seemed to be, and the Costa Rican Government.

That is exactly where you are going to get a accused of facilitating.

Mr. BELNICK. So, you had a situation where——

Mr. ABRAMS. I had no reason to believe that Ambassador Tambs had done that. None.

Mr. BELNICK. At the time what you believed was that there may have been a negotiation between private Americans and the Costa Rican Government?

Mr. ABRAMS. Or none whatsoever.

Mr. BELNICK. But there may have been, correct?

Mr. ABRAMS. Yes.

Mr. BELNICK. And that was something you did not choose to ask further about, correct?

Mr. ABRAMS. That is correct. That is exactly the kind of thing that I think you, one, I would be accused of facilitating for thrusting myself in the middle of.

Mr. BELNICK. Did you think that if you did thrust yourself in the middle of something like that it might set back the project and hurt the resistance?

Mr. ABRAMS. Well, I don't know. I suppose it might have.

Mr. BELNICK. Sir, you have testified in the past that you believe that——

Mr. ABRAMS. I am just thinking about your question.

Mr. BELNICK. Sure.

Mr. ABRAMS. Sure. Because then you had been faced with one of two possibilities. Either you tell the Costa Ricans, "This is great,"—in a sense, then you are facilitating—or in a sense you don't tell them it is great. Then you make them nervous. What do you gain?

Mr. BELNICK. You testified in the past that you believed Colonel North was the person who would know most of the answers about the airstrip, correct?

Mr. ABRAMS. I don't know that I testified about that. He knew more about the private benefactors, I think, than we at State or anybody at CIA seemed to know.

Mr. BELNICK. Including the airstrip?

Mr. ABRAMS. Well, if it is correct—I think that is correct. That is correct.

Mr. BELNICK. That is what you testified to to the Tower Board?

Mr. ABRAMS. That is correct.

Mr. BELNICK. Did you ask Colonel North at any time for details about how the private benefactors were who were building the airstrip, whether they had negotiated with the Costa Rican Government, any of those details?

Mr. ABRAMS. No.

Mr. BELNICK. All right, sir.

When you learned that the airstrip was going to be constructed, did you report that back to the Secretary of State?

Mr. ABRAMS. No.

Mr. BELNICK. Why not?

Mr. **Abrams**. Not important. Private benefactors were presumably doing a whole lot of things. I mean, they were sending machine guns and bullets and all kinds of things into Central America. That was generally common knowledge.

It was known by us, it was known by the Congress. That there should be in addition to this use of an airstrip in Central America to facilitate their activities, I mean, surprise, surprise.

Mr. **Belnick**. So you did not report to the Secretary of State?

Mr. **Abrams**. No.

Mr. **Belnick**. Now, sir, do you recall—jumping ahead in time to September 1986—receiving a telephone call from Colonel——

Mr. **Abrams**. Jumping ahead?

Mr. **Belnick**. September 1986? That you received a telephone call from Colonel North telling you that there was going to be a press conference held by an official of Costa Rica to discuss the airstrip?

Mr. **Abrams**. Well, I don't remember the exact date, but yes. I remember the call.

Mr. **Belnick**. Tell me what you remember about that call and what happened?

Mr. **Abrams**. As I recall, it was Friday night. It was late. It was about 11 o'clock. And he called and said do you remember that there was an airstrip and that this airstrip would at that point not have been in use because there was no Contra military activity under way in Costa Rica really after May 8, after the inauguration of President Arias?

Yes, I remember that.

Well, the Minister of Public Security, he said, was going to give a press conference and he was going to talk about the airstrip and he was going to reveal all sorts of things about the airstrip, including apparently what role, if any—I shouldn't say "if any"—what role, he was apparently going to say the previous government of Costa Rica had had approving it or so forth. This was a very bad thing, he said, and it would do no one any good and raise all sorts of awkward questions about the previous government and we ought to try to stop it.

And I said I agree with that. And he said, well, what we need to do is, let me get Tambs on the line and would you instruct Tambs to call President Arias and tell him not to have this press conference?

I said, I will. Sounds right to me. So he called back, I don't know, you know, half an hour later, something like that, with Ambassador Tambs on the line. Ambassador Tambs, I remembered, was in the United States. I believe he testified he was in West Virginia, which, I think, is my memory.

And we explained this to Tambs, that is, that there was going to be this press conference, it had nothing to do with the use of the airstrip. The airstrip, as far as I knew, was long since, since you are talking about September, so it is May to September, out of use.

But there was no good going to come out of that press conference for the United States or for Costa Rica. Would you please call President Arias, I said, call him up and ask him not to allow that—cancel the press conference? Tell your minister of public security not to hold that press conference with an implied threat.

This was—well, this was before his official visit to the United States. I don't recall whether at that moment we knew when he was coming, but the issue of his official visit was in the air. And I instructed Ambassador Tambs to advert to the visit in a way which made it clear to President Arias that his visit was at risk. That is to say, something like this is a needless, a gratuitous complication of U.S.-Costa Rican relations, it is an exceedingly odd thing to do, gratuitously, in the period when we are all contemplating an official visit.

It was supposed to be diplomatic, but the message was supposed to be clear.

Mr. **Belnick**. Almost a contradiction in terms here?

Mr. **Abrams**. No, no, no. Be a good diplomat. Get the message through clearly. So he said, I will do that. And he—there was another conversation then an hour or two later, midnight, one o'clock, something like that, in which Ambassador Tambs reported he had done so and the press conference was cancelled. That was the end of that night's activities.

Mr. **Belnick**. You are aware that Colonel North has written a PROF message in which he says that he spoke to the head of State in Costa Rica, had a conversation with him and conveyed the threat or at least the notion that the aid might be cut off if this press conference took place.

Do you have any knowledge as to whether Colonel North had such a conversation with the Chief of State of Costa Rica?

Mr. **Abrams**. Not—well, to my personal knowledge, I don't. I do know President Arias has flatly denied it and that Colonel North did not tell me that he had had such a conversation.

Mr. **Belnick**. Now, sir, one other question on that. If the airstrip was purely private, the airstrip in Costa Rica, private benefactors, exclusively, no U.S. Government involvement, why would it have been, as you have just testified, an unfriendly act by the Costa Rican Government to announce the existence of that airstrip?

Mr. **Abrams**. It raises—raised and raises issues about the involvement of the prior Costa Rican Government, which not only would seem to be delicate, but are. And in fact, we right now have all sorts of communications from the current government of Costa Rica which are very delicate, about its predecessor's activities.

Let me add something else. I viewed this activity in preventing that news conference as an absolutely legitimate diplomatic activity of mine. So much so that within a day or two of that, reminding myself, or learning that Ambassador Habib was about to go to San Jose, I asked him to raise this with President Arias. I explained the situation to Ambassador Habib and said to him, would you—sort of raise it with President Arias again and say, look, who is going to benefit from such a press conference and the raising of all sorts of questions about what your predecessor did.

The issue is not U.S. Government involvement. The issue is the involvement of the Costa Rican Government with the resistance, neutrally, all of that. Who is going to gain by all of this?

And Ambassador Habib did so.

Mr. **Belnick**. Given your view that this was purely private, didn't it strike you as odd that it was Colonel North who called you and told you that he had found out about the press conference or the forthcoming press conference, and was upset about it?

Mr. ABRAMS. No. Because, as I said, he was the guy who seemed to have the most knowledge of the private benefactors. If you think it through—as I think it through right now, I don't know that I have ever seen testimony on this. The logic is to me that one of them may have called him.

Mr. BELNICK. One of the private benefactors?

Mr. ABRAMS. That seems to be probably the most plausible explanation, unless he got it from a U.S. Government official in Costa Rica.

Mr. BELNICK. Some private American citizen who was wired into the Costa Rican Government?

Mr. ABRAMS. I don't know if he told me. I just don't recall if he told me during that conversation where he had heard this. And I don't recall the PROF notes either, where it says in the PROF notes where he got that information.

Mr. BELNICK. But it wasn't something you thought about at the time that it was Colonel North who was calling to sound the alarm about this forthcoming press conference?

Mr. ABRAMS. No. Because what was important was this press conference was going to complicate U.S.-Costa Rican relations. In the—indeed in the event, it did.

Mr. BELNICK. When did you first have a meeting with General Singlaub, do you recall?

Mr. ABRAMS. Well, I recall having looked through my notes. April 24, 1986.

Mr. BELNICK. When did you first learn of an agreement that General Singlaub had entered into with Eden Pastora?

Mr. ABRAMS. Ambassador Tambs sent a back channel cable which gave the text of such an agreement.

Mr. BELNICK. That is exhibit X, EA-X, which is dated the end of March 1986. It ought to be the first exhibit in your book. Is that the cable?

Mr. ABRAMS. Well, I don't remember the cable in particular, but I guess so.

Mr. BELNICK. I believe that is the cable.

Mr. ABRAMS. I will take your word for it.

Mr. BELNICK. I wouldn't lead you wrong on it.

Mr. ABRAMS. I know you wouldn't.

Mr. BELNICK. When you received that cable, that was the first you knew of the agreement?

Mr. ABRAMS. That is correct.

Mr. BELNICK. Now——

Mr. ABRAMS. That was the first I knew of this agreement between the United States and Eden Pastora.

Mr. BELNICK. Well, let me just take it one step further. It is also the first time that you knew of any agreement between General Singlaub and Eden Pastora?

Mr. ABRAMS. Of any agreement, yes.

Mr. BELNICK. The reason I am trying to be specific, sir, is because, as you know, General Singlaub has testified to the committees that he discussed his proposed agreement with Pastora, with you, in a meeting, before he went to Costa Rica.

Mr. ABRAMS. We discussed at that April 24 meeting, I think, Eden Pastora. Let me just take a second on this.

Mr. BELNICK. Sure.

Mr. ABRAMS. Basically, Colonel North and the CIA hated Pastora with great passion. They had concluded, on the basis of their dealings with him, that he was not only untrustworthy, but conceivably disloyal. And they wanted to have literally nothing to do with him.

General Singlaub, as you know from his testimony, thought that was an extremely shortsighted view. I also believe that that was an extremely—I came to believe that that was an extremely shortsighted view, and came to disagree with Colonel North and with the Task Force Chief, with respect to Mr. Pastora. I don't know whether—I really don't remember whether Singlaub came to me on this, because he had heard that I was more sympathetic, or I became more sympathetic in part because of what General Singlaub said.

In any event, it is certainly the case that in that meeting in April, we talked about Pastora.

Mr. BELNICK. We will get to that in a moment. It is your testimony that you did not meet with General Singlaub before he went to see Pastora?

Mr. ABRAMS. No. No. No. Oh, I have the dates wrong. Before he saw Pastora, yes, I think my first meeting with him was April 24.

Mr. BELNICK. Your calendar——

Mr. ABRAMS. I had never met him before then. I think that's right.

Mr. BELNICK. So in your view, General Singlaub is mistaken in his testimony, A, he met with you before he went to see Pastora, and, B, advised you at that time about the agreement he intended to enter into with Pastora?

Mr. ABRAMS. Yes. I can only go by the documentary evidence and my memory. Both indicate that we did not discuss this prior to his trip to Central America.

Mr. BELNICK. All right, sir. In any event, after you received exhibit X, the back channel cable from Ambassador Tambs, you became angry at what you read, correct?

Mr. ABRAMS. I sure did.

Mr. BELNICK. And you reflected that in EA-exhibit 1, the cable which was sent back to Ambassador Tambs and signed over Deputy Secretary Whitehead's name, correct?

Mr. ABRAMS. Yes. This was the toned-down version.

Mr. BELNICK. All right. And what was the source of your aggravation?

Mr. ABRAMS. Well, look at X, look at that exhibit. It is unbelievable. "The United States will provide boots, food, ammunition, medicine, maps, encrypted"—first of all, military needs, first of all. Who is General Singlaub to negotiate on behalf of the United States? Secondly, and more incredibly, what is a U.S. Ambassador saying this looks jim-dandy? Thirdly, talking about violations of the Boland amendment, Jesus. This is a promise to send—I mean, it is unbelievable.

Mr. BELNICK. All right.

Mr. **Abrams**. It wasn't just my personal reaction. It was the reaction of others in the Bureau. This was one of the more astonishing documents.

Mr. **Belnick**. Your cable really was the toned-down version?

Mr. **Abrams**. That was not meant as a humorous remark.

Mr. **Belnick**. I understand.

So you were also upset that, through meeting or being at the meeting with Singlaub, Ambassador Tambs seemed to associate the United States with this agreement Singlaub entered into, correct?

Mr. **Abrams**. Yes. If you look at this, no where does it say in here, of course, we told him that you know this was his own business. You can argue that even if he told Singlaub this is none of our business, that sending the cable was a form of facilitation.

Mr. **Belnick**. Subsequently, as you began to testify before, you met with General Singlaub on April 23 or 24, 1986, and one of the subjects you discussed was this agreement that he had entered into with Pastora, right?

Mr. **Abrams**. Yes.

Mr. **Belnick**. And you told him that you weren't really mad at him about the agreement; am I correct?

Mr. **Abrams**. I didn't think that he had done anything wrong.

Mr. **Belnick**. And would you look at EA-exhibit 2, which is a memo from Richard Melton to you about a meeting that he had with General Singlaub on May 8.

Just for the record, sir, who was Mr. Melton?

Mr. **Abrams**. Mr. Melton was and is the Director of the Office of Central American Affairs in the Bureau of Inter-American Affairs.

Mr. **Belnick**. He reports to you?

Mr. **Abrams**. He reports to the Deputy Assistant Secretary for Central America and me.

Mr. **Belnick**. In this memo, exhibit 2, Mr. Melton describes his discussions with General Singlaub about the agreement with Pastora, correct?

Mr. **Abrams**. Yes.

Mr. **Belnick**. And says that the following conversation— conversations between you and General Singlaub, Singlaub had worked out with Calero and others an agreement to supply Pastora's forces inside Nicaragua with military equipment, including uniforms, boots and 15,000 rounds of ammunition, correct?

Mr. **Abrams**. That's what it says.

Mr. **Belnick**. Now, sir, is that your note in handwriting in the upper right corner of the exhibit?

Mr. **Abrams**. Yes, it is.

Mr. **Belnick**. Could you read it?

Mr. **Abrams**. "R.M., seems to me so little"—underscored—"to Pastora that it will keep him on board without screwing blank up." Blank is a—blank is the Chief of the CIA Central American Task Force.

Mr. **Belnick**. And as you said moments ago, the Chief of the Task Force didn't like Pastora, correct?

Mr. **Abrams**. Correct.

Mr. **Belnick**. What was the meaning of that handwritten message that you wrote to Mr. Melton?

Mr. **Abrams**. Well, trying to piece it together at this juncture, I think I probably told Singlaub that there just wasn't anything we could do for Pastora in the military area. We could promise him—and at a certain point we did promise him—if he stayed on board, we would try to give him resources out of the $100 million. But there wasn't much we could do.

I guess Singlaub figured out correctly that the place from which he could get military assistance for Pastora was UNO, which had military goods and which was not, I think, at this point short of military equipment.

And so I guess he told us that what he planned to do was to go talk to Mr. Calero about doing that. And my comment here is really saying it is generally expressing the view that that's not a bad idea, that, you know, 100 uniforms, 100 pairs of boots, won't last very long anyway—keep 100 men in the field for a couple of months, and—but it was not making Pastora into a huge force such that it would really contravene the overall policy of promoting unity.

Mr. **Belnick**. You were in favor of trying to forge this unity between Pastora——

Mr. **Abrams**. Well, I wasn't in favor of doing anything. I thought what Singlaub was doing seemed like a good idea.

Mr. **Belnick**. You see Mr. Melton also states in his memo, exhibit 2, that Singlaub wants you—meaning you, Secretary Abrams—to try to turn this around.

Mr. **Abrams**. Well, that is, he wanted me to call Calero and say, if you want my opinion, you should do it.

Mr. **Belnick**. He wanted you to get involved in trying to help this agreement come to pass; isn't that right?

Mr. **Abrams**. That's right. He wanted me to pressure—what it amounts to is he wanted me to pressure Calero to do it.

Mr. **Belnick**. Did you speak to Calero about it?

Mr. **Abrams**. I have no memory of doing that. It is not inconceivable, but I do not recall that I ever did that. I don't think I did.

Mr. **Belnick**. Did you subsequently speak to Pastora about this agreement?

Mr. **Abrams**. I spoke to Pastora about two or three times in this general period, sort of first half of 1986. He—on one occasion he came to see the Secretary, or I took him to see the Secretary.

Mr. **Abrams**. I would say no. What we talked to Pastora about basically, we were kind of cajoling Pastora. The fear was that he would go back to Nicaragua. What we were doing was trying to cajole him into not going back to Nicaragua and to staying with the resistance.

We complained to him he needed to clean up his outfit, against which there had been allegations of drug trafficking. He needed to be willing to work with the other elements of the resistance and, if he were doing all this, then when the great day came and we had $100 million, he could share in it.

Mr. **Belnick**. All right. So you did try in some ways to get Pastora, Calero and Singlaub together on this agreement?

Mr. **Abrams**. No, I wouldn't say that. I don't remember doing that. I always tried to keep Pastora on board and tried to head off what would be the worst possible result, which would be his expressing an allegiance to the Sandinistas, going back to Nicaragua.

Mr. **Belnick**. Would you look at exhibit 6, which is a memo from Mr. Melton to you, dated May 15, 1986. The first paragraph of that memo again discusses the proposed Singlaub-Pastora-Calero agreement and says, General Singlaub called again this morning. He asked if there was any additional information I could pass along on the two subjects in which he was interested. I told him that we were engaged in a damage-limiting operation with Pastora, with the outcome uncertain.

You see that?

Mr. **Abrams**. Yes.

Mr. **Belnick**. What was the meaning of a damage-limiting operation with Pastora?

Mr. **Abrams**. Well, Pastora—our purpose was to keep Pastora—Pastora was constantly attacking UNO. The damage we were trying to limit, I think, was really his constant and repeated attack on CIA and on UNO and on our whole policy. And the trouble was we didn't have anything to do—not to do—we didn't have anything to give him. We had no resources. We were—by the 30th of March, the end of the period of obligation of the $27 million had come and we were now running down the pipeline in the stocks.

The $100 million was nowhere to be seen. All we had for Pastora was promises. We had no resources to give him. What we had to give him were words and promises, to try to limit the damage and keep him on board.

Mr. **Belnick**. Did you not see any problem in associating yourself with this damage-limiting operation and attempt to come up with an agreement among Singlaub, Pastora and Calero?

Mr. **Abrams**. I don't believe—as I say, I have no memory of ever engaging in such activity. What I was doing was a different thing, which was doing what I could do, which was to get him to come up to Washington—actually introduced him to the Secretary of State in the hope that these kinds of—if you will pardon the expression—kinds of honors being shown to him would keep him on board.

Mr. **Belnick**. You didn't think this was associating the U.S. Government in any way with an agreement that would end up providing military assistance to Pastora?

Mr. **Abrams**. I don't recall ever talking to Calero about this subject.

Mr. **Belnick**. Even the conversations with Singlaub and the meetings between Melton and Singlaub about this proposed agreement and assistance, in your view, so that I understand—that did not contain the risk of associating the U.S. Government with an agreement that aimed at furnishing military assistance to the Nicaraguan Freedom Fighters?

Mr. **Abrams**. First of all, the resistance in question was not furnishing military assistance to the Freedom Fighters. It was to have one group in the possession of military goods, give it to another group of Freedom Fighters who did not have military goods.

But the answer is, as best I can recall it, I did not do that. What I did was use what few resources I had, which constituted really the trappings of office.

Mr. Belnick. All right, sir.

One final question on this subject. I believe you testified some moments ago when you met General Singlaub in April you told him you were not mad at him and you didn't think he had done anything wrong, correct?

Mr. Abrams. That is right.

Mr. Belnick. That was your view?

Mr. Abrams. Singlaub is a private citizen. He could do what he wanted.

Mr. Belnick. If that was your view, why were you so upset about General Singlaub putting down that the agreement was between Pastora and the United States of America?

Mr. Abrams. It would have appeared to me, to Pastora that Singlaub was representing that he was representing the U.S. Government, was stating that he was our agent, able to negotiate for the U.S. Government, and then the Embassy failed to correct that.

Mr. Belnick. You didn't think General Singlaub had done anything wrong by making that kind of representation?

Mr. Abrams. Well, he had made a mistake, but he is a private citizen and when a private citizen makes what I assumed to be an honest mistake of that sort, you say to him, "Gee, you shouldn't do that." The amazing, amazing action was that of the Embassy.

Mr. Belnick. All right, sir.

Chairman Inouye. The hearing will stand in recess for 10 minutes.

[Brief recess.]

Chairman Inouye. Mr. Belnick.

Mr. Belnick. Thank you, Mr. Chairman.

Mr. Abrams, you testified, I believe, before the break, just to go back to a subject, that it was your understanding that the State Department's Bureau of Intelligence and Research did not regularly attend or did not attend at all Latin America, Central America RIG meetings during your predecessor's term at ARA, correct?

Mr. Abrams. Yes.

Mr. Belnick. Would it surprise you, in light of that testimony, to know that your predecessor, Mr. Motley, has informed the committees that INR did regularly attend RIG meetings during his regime?

Mr. Abrams. It certainly would.

Mr. Belnick. Therefore, it would surprise you to know that it was your decision, not his, to exclude INR from those meetings?

Mr. Abrams. Yes, sir.

Mr. Belnick. All right, sir.

Now, I want to return briefly also to the——

Mr. Abrams. I'm unaware of any other bureau of the Department who attended the RIG meetings at any time.

Mr. Belnick. All right, sir.

I want to return also to your testimony concerning the instructions that the Secretary of State gave you in September, 1985, to monitor Ollie. Am I correct that the Secretary of State did not limit that instruction to monitoring only activities of North that you believed to be illegal?

Mr. Abrams. Well, I didn't believe anything to be illegal.

Mr. Belnick. All right.

Well, am I correct——

Mr. **Abrams**. I think it was a response to the news stories which I raised with him.

Mr. **Belnick**. News stories about North's involvement with fundraising and getting lethal assistance to the Contras, those sorts of stories?

Mr. **Abrams**. His general involvement with the resistance.

Mr. **Belnick**. So it is correct that when in response to that, the Secretary told you to monitor Ollie, he was not limiting the scope of the monitoring that he wanted you to undertake, correct?

Mr. **Abrams**. I think that is correct. I think he viewed Colonel North as, I won't say the Secretary did—there was a widespread view of him as a kind of loose cannon and it was perhaps in that context also that it was, that I was being told to keep track of what he was doing.

Mr. **Belnick**. Well, did you keep track of what Colonel North was doing with respect to the airstrip?

Mr. **Abrams**. I didn't believe Colonel North would do anything with respect to the airstrip. Benefactors were building the airstrip as far as I was told.

Mr. **Belnick**. Did you keep track of what Colonel North was doing with the benefactors about the airstrip?

Mr. **Abrams**. I didn't believe Colonel North was doing anything with the benefactors with respect to the airstrip. The airstrip was presented to me, I don't really recall the conversation, but I remember the impression was that people were building airstrips.

Mr. **Belnick**. And you had the impression and the RIG had the impression, you so testified before, that Colonel North was involved with those people, correct?

Mr. **Abrams**. Yes.

Mr. **Belnick**. And how did you keep track of what was the nature of his involvement with the people who were building a secret airstrip in Costa Rica?

Mr. **Abrams**. Well, there were a lot of ways. For one thing, by asking him whether he was doing anything which was or might be viewed as illegal.

Mr. **Belnick**. By asking North himself whether he was doing something illegal?

Mr. **Abrams**. Yes, sir.

Secondly, by reviewing, or reviewing, by knowing about the flat-out denials of any coordination, I don't remember the exact words Mr. McFarlane used, but management, coordination, direction, which he used in his communication to Congress.

Third, we met in the RIGs and talked outside of the RIGs on the telephone.

Fourth, don't forget I had reports from Embassies in the field. I had reports of some sorts from the Central Intelligence Agency, and I thought I had a pretty good picture of what was going on in Central America and in Washington.

Mr. **Belnick**. Do you still feel that way?

Mr. **Abrams**. No.

Mr. **Belnick**. Now, sir, did you find out the names of any of the private benefactors who were involved with the airstrip?

Mr. **Abrams**. With the airstrip?

Mr. **Belnick**. Yes sir.

Mr. **Abrams**. In the—well, it may have been October or November. In late or in fall, let's say, of 1986, there was a series of news articles.

Mr. **Belnick**. Prior to then?

Mr. **Abrams**. No.

Mr. **Belnick**. Did you ask Colonel North for their names?

Mr. **Abrams**. No. I never asked him at any time for the name of any individual.

Mr. **Belnick**. Yes, sir. And as you testified before, you did not report the airstrip or what you learned of it, to the Secretary of State, correct?

Mr. **Abrams**. That is correct. There was no reason to.

Mr. **Belnick**. Yes, sir. Did you report on any of Colonel North's activities to the Secretary of State after he gave you the instruction to monitor Ollie?

Mr. **Abrams**. Oh, I think we talked at times about suggestions from Colonel North, ideas from Colonel North. But there wasn't all that much to—there was nothing to talk about that appeared to be difficult legally. From a policy point of view, yes.

Mr. **Belnick**. Did you report any specific activities of Colonel North, of which you became aware, after the instruction from Secretary Shultz to monitor Ollie?

Mr. **Abrams**. I didn't become aware of any which needed to be reported.

Mr. **Belnick**. Did you report to Secretary——

Mr. **Abrams**. Well, excuse me.

Mr. **Belnick**. I am sorry.

Mr. **Abrams**. I can remember one particular instance in which Colonel North raised a suggestion with me dealing with a foreign head of state which I went immediately to the Secretary on. But again, there were policy questions repeatedly that we discussed that I would discuss with him and others, and some of which had to be referred back to the Secretary. That is not your question as I understand it.

Mr. **Belnick**. Correct. I was asking whether you reported on any specific activities of North to the Secretary after September 1985 until the fall of 1986 when the facts began to emerge publicly?

Mr. **Abrams**. Well, specific activities, yes, but not involving his—what shall we say—facilitation of private activities with respect to the Contras.

Mr. **Belnick**. Did you report to Secretary of State Shultz when North called you about the press conference that he feared would be held by the Costa Rican Government?

Mr. **Abrams**. I didn't report to him at midnight, I reported to him early the ensuing day, because it was necessary to tell him what had happened, that I had instructed Tambs. Because you see, actually we had raised the prospect of the state visit being involved in this (a), (b), Secretary Shultz was seeing Arias within about a week at the UN—well, maybe not within a week, but a couple of weeks—so, yes.

Mr. **Belnick**. Was there a time when Colonel North proposed at a RIG meeting the seizure of certain territory in Nicaragua?

Mr. **Abrams**. He proposed it. I can't tell you what the context was. There certainly was such a proposal. Maybe it was in a RIG meeting, I don't recall.

Mr. **Belnick**. Do you recall the specifics of that proposal?

Mr. **Abrams**. Let me see what I can—how much I can recall. The idea was that the resistance would take a location on the Atlantic coast of Nicaragua. What comes to mind is Peria Blanca. But it would take a town or city and his idea was that would be the—was that that would be Khe Sanh I think was the analogy he used, and that one of two things would be bound to happen.

Either seeing these Freedom Fighters killed day by day, we would rescue them or seeing them fighting to the last man in Alamo-style fight, the public perception of their bravery would change. That was the basic idea, though he hoped, of course, that we would intervene.

Mr. **Belnick**. What was your response to that proposal?

Mr. **Abrams**. Interesting proposal. I did not have any idea whether it was militarily feasible. I generally got my ideas about what was militarily feasible from Colonel North and from the CIA and from DOD, of course.

As I recall, maybe it was a RIG meeting because I think we did get from DOD and CIA, have been sort of said that it is the craziest idea we ever heard, they couldn't do that, it is not going to happen and it disappeared relatively fast.

Mr. **Belnick**. Did you ever make a report, that idea?

Mr. **Abrams**. No. It disappeared.

Mr. **Belnick**. All right, sir. I would like to talk briefly about the——

Mr. **Abrams**. To have done it would have been a major policy decision which would have required not the Secretary, but the President.

Mr. **Belnick**. You think the Congress would have had to be involved in that, too?

Mr. **Abrams**. I am no expert on the War Powers Act. It seems to me I would leave that to the lawyers.

Mr. **Belnick**. All right, sir. I wanted to talk to you briefly about the Nicaraguan Humanitarian Assistance Office, which was established in the summer of 1985, and I understand from our interviews that your first activity when you took up the reins at ARA was to try to get the $27 million in humanitarian aid flowing?

Mr. **Abrams**. They were choosing personnel, was, I guess, the first move, but I guess that is correct, that bill was passed and we really had to get the money moving.

Mr. **Belnick**. Just so we are clear, the bill was passed in the summer of 1985.

Mr. **Abrams**. August, I think.

Mr. **Belnick**. August 1985. And it established the Nicaraguan Humanitarian Assistance Office sometimes referred to as NHAO, and put it under the State Department's jurisdiction; correct?

Mr. **Abrams**. Yes. In fact, I think it is worth noting that was done over our dead body. We all, the Secretary on down, felt that that was crazy.

What did the State Department know about buying boots and shipping them down to Central America? It would take us months to set up an office from scratch to figure out how we do this. There were two agencies of government that do it, that know how to do it, that know how to account for it that are all set, CIA and the Defense Department.

And we fought and fought to not have to do this and try to persuade Congress this was not a sensible thing to do and we lost. They excluded DOD and the Congress excluded DOD and CIA and we went through a process considering whether there were any other alternatives in it such as OMB, the Executive Office of the President or Vice President and we concluded reluctantly really there wasn't any other way to do it so we did it.

Mr. BELNICK. And so the State Department got the office under its jurisdiction over its objections?

Mr. ABRAMS. Correct.

Mr. BELNICK. Do you have any idea how the $27 million figure was arrived at, the amount of the humanitarian aid the Congress provided?

Mr. ABRAMS. Gee, I think it was some kind of legislative compromise. That is a guess. The figure, I think, was—I think it was in the air already. But it was not a scientifically derived figure.

Mr. BELNICK. And the moneys had to be obligated at least by the end of March 1986, the $27 million?

Mr. ABRAMS. March 30, 1986.

Mr. BELNICK. You encountered problems in setting up the operation of the office. These included definitional problems in deciding what constituted humanitarian aid?

Mr. ABRAMS. We had two kinds of problems. First, we had organizational problems. We were starting literally from scratch. There was no office, there was no telephone, there was no typewriter, there was nothing. I tip my hat to Ambassador Duemling, who accepted the appointment of the Secretary, as the head of that office and came in and with help obviously put that office together.

This is probably around Labor Day we are starting. That was one set of problems—personnel, organization.

The second set of problems, which ensued immediately when they began to work, was definitional. Let me put it this way. The Boland amendment was in effect. You could not give lethal aid to the resistance. There was an exception to the Boland amendment called the $27 million aid, humanitarian aid program. These definitions were not trivial because you could argue if you were giving something which was not humanitarian, boom, you are over the line, violating Boland.

This was not something we did carelessly. I remember, just to give an example of what I am talking about, I remember Ambassador Duemling coming to a RIG meeting and saying the Contras have asked for wristwatches, can I pay for wristwatches. And I remember saying, well, you know, unless you have a very large wristwatch and hit somebody with it, it was not lethal aid.

This was deadly serious, deadly serious because of the legal restrictions. We actually debated.

Of course, wrist watches weren't lethal aid, but were they humanitarian aid? Did they fit? Because we thought Congress basically meant uniforms, medicine, and food. And this was not—probably hadn't been raised in the debate.

We ultimately decided, or I decided, yes, wrist watches were OK. That was the kind of discussion we had, what was do-able.

Mr. **Belnick**. And you also operated under the limitation of not being able to use the Defense Department in any way to deliver the aid, correct?

Mr. **Abrams**. I think that's right. I—I guess there's a legal question as to whether we could have contracted with them. I don't think we did that. I think Ambassador Duemling contracted with private air carriers.

Mr. **Belnick**. In setting up the operation you took as, I believe, your model the Sinai support operation then in place?

Mr. **Abrams**. That's right. That was kind of an independent office of a similar nature within the department.

Mr. **Belnick**. You finally got the $27 million to begin flowing around October of 1985?

Mr. **Abrams**. It was slow. I remember RIG meetings at which we were hearing from—well, from agency people, Colonel North, from the resistance most importantly. Where is it? The bill passes in August. In the middle of October, out of the $27 million, we should have been spending at the rate of two and a half, $3 million a month. By October we had spent—I won't cite a figure, because I don't remember. We had not spent very much. People were saying, where is your program?

Mr. **Belnick**. You were having problems in addition because NHAO could not have representatives on the ground in the country in Central America which would be receiving the flights; am I correct?

Mr. **Abrams**. That's correct. They had requested the right to do that in one country particularly and that country said no, that is too much of a presence.

We were, I should add, in that country also—we ran into increasing problems and ultimately could not deliver really any of the humanitarian aid through that country.

Mr. **Belnick**. In fact, was there an incident involving an NHAO flight to that country that you learned about by watching TV in October 1985?

Mr. **Abrams**. Yes. There was, I believe, an NBC crew that had requested permission to board one of the humanitarian assistance flights, I believe in New Orleans, which was going to Central America.

The people in charge of it there in New Orleans, realizing there was nothing on it but humanitarian aid, saw no reason why not to say yes. They said yes. So out jumped the film crew when the plane arrived in Central America. This was supposed to have been really covert. And so the Government in question really was very angry and, for a while at least, they stopped allowing us to use their facilities to deliver the $27 million worth of aid.

Later we became involved in a dispute—that country was having an election. We were firmly—indeed, fervently—in favor of that election going forward, the institutionalization of democracy in that country. Some officials of that country were not in favor of that and one of the—really the only way they could put pressure on us was to prevent us from delivering humanitarian aid through there, and that is what they did.

Mr. **Belnick**. The committees have heard testimony from and about Rob Owen. You are familiar with the name?

Mr. **Abrams**. I am.

Mr. **Belnick**. Have you ever met Rob Owen?

Mr. **Abrams**. I have not.

Mr. **Belnick**. When is the first time you heard of him?

Mr. **Abrams**. Probably at a RIG meeting, discussing the question of—Ambassador Duemling would come to RIG meetings——

Mr. **Belnick**. By the way, let me interrupt for a moment.

We mentioned Ambassador Duemling's name. He was the head of NHAO?

Mr. **Abrams**. He was the head of NHAO. I guess he was called director.

Mr. **Belnick**. Back to Owen.

Mr. **Abrams**. I believe it was at a meeting we had a letter from Cruz, Calero, and Robelo, the three directors of UNO, saying we would like Mr. Owen to be a kind of liaison between NHAO and us, the three directors of UNO—the UNO Washington office really.

So a debate ensued. Mr. Duemling, Ambassador Duemling said we don't need a liaison. As I remember, everybody else, including me, said you do need a liaison, and Owen is the guy that—I had never met or spoken to him. I don't know anybody but Colonel North had. But they seemed to want him. Why not?

Duemling was opposed to it for reasons which I cannot articulate, and which I think were essentially because he and Colonel North did not get along.

Mr. **Belnick**. Who? Duemling and North?

Mr. **Abrams**. Correct. It may well have been enough that it was a suggestion supported by Colonel North that led him to be opposed to it. In any event, he didn't want to do it. So we kind of hacked out a compromise. The compromise was, well, he would not be an employee of NHAO, he would be a contractor, I think it is fair to say, of UNO. And Duemling, NHAO, made a grant to UNO to enable them to pay for that contract. That is what we did, I think.

Mr. **Belnick**. Did you know at that time, or as the months went by, that Owen had a close relationship with Colonel North?

Mr. **Abrams**. I knew it at some point. That is, it became apparent. I think it was probably Mr. Duemling who said that to me, but it was also my impression that he was doing a good job for Ambassador Duemling.

Mr. **Belnick**. Do you recall whether Ambassador Duemling also shared with you his concern that Owen had been planted at NHAO by North to serve as North's eyes and ears and monitor on that operation?

Mr. **Abrams**. I really don't.

Mr. **Belnick**. All right, sir. Did you know at any time that prior to the disclosures that followed November 1986, that Owen was carrying out assignments for Colonel North?

Mr. **Abrams**. Absolutely not.

Mr. **Belnick**. You saw allegations in the press in the first half of 1986 at least, which mentioned Owen's name, including the one we looked at earlier, correct?

Mr. **Abrams**. There was no evidence for this, nor did Ambassador Duemling, I think, have any evidence of this. In fact, as I say, my impression was that he was giving assignments to Owen. I gather in the area of—two areas. One was medical help. The other was Indians. I said before that the CIA people did not like Pastora. They did not have a good relationship with the Indians. So it was useful to have a known agency person helping Duemling with the Indians.

Mr. **Belnick**. Did you ever question Colonel North about the allegations you saw concerning Robert Owen?

Mr. **Abrams**. No.

Mr. **Belnick**. There have been allegations raised that NHAO itself was involved in the delivery of lethal assistance to the Freedom Fighters. So far as you know, do any of these allegations have any basis?

Mr. **Abrams**. So far as I know, they do not. I have been so assured by Ambassador Duemling.

Mr. **Belnick**. Indeed I believe you told us Ambassador Duemling took a very strict view when it came even to the issue of mixed loads?

Mr. **Abrams**. Ambassador Duemling was hired in part because of his reputation as a person of not only complete integrity but as a stickler for detail. He did take a very strict view of that. I think, for example—I don't recall whether we did in fact talk to the committees. I believe we did in fact go back to the Hill on the question of mixed loads. In any event, this was something that was the subject of memoranda and of careful consideration by Ambassador Duemling—the whole mixed load question

Mr. **Belnick**. All right, sir. Now, the GAO has issued a report which I believe you are familiar with, criticizing NHAO in terms of its verifying that expenses were paid out for humanitarian aid and so forth. Do you have a view regarding those Findings or conclusions by the GAO?

Mr. **Abrams**. Staggeringly unfair. To Ambassador Duemling and the Department of State. We were—we had this responsibility thrust upon us after saying to the Congress and others, we don't know how to do this very well. It is not the kind of business the State Department should be in. Nevertheless, it was thrust upon us.

Now, we then started literally from scratch. They didn't have an office. They had nothing. Attempted to put this together using Ambassador Duemling, and I think most of his staff was AID people. Maybe, I should say the largest single group was AID people, who had some knowledge of logistics, and he put this office together.

Now, for expenses in the United States it was easy to verify everything that was going on. For expenses in Central America, it was harder, particularly when a country said we could not—he could not send people down there. And we relied on intelligence reporting. That is, Ambassador Duemling thinks that he is sending down 3,000 pairs of boots on November 1, and you get an agency report, normal report from the field, on November 10 saying 3,000 boots just arrived. That is the kind of evidence we were looking for.

It was very intermittent at first, less intermittent, pretty good, as we got towards the end of the pipeline in the spring of 1986. Those agency cables were not shown to the GAO. The GAO investigators wanted to see them. It was the position of the CIA, and I think it is fair to say of the Department, that GAO does not monitor lethal—sorry, does not monitor covert programs. And so it was our view that GAO should not have those cables. And they did not get those cables.

I must say I think that is—they say that—there is a line in there in which they say it is not that we could verify nothing came through, it is rather that we could not verify that everything did come through. But I think the report, taken as a whole, is really unfair to Ambassador Duemling and to the efforts he and his staff made.

Mr. **Belnick**. In your view, despite the limitations and the Department's reservations, NHAO was a successful operation?

Mr. **Abrams**. Absolutely.

Mr. **Belnick**. Now, by the spring of 1986, with the NHAO $27 million in funds having been obligated, was it your view that funds available to the Contras were drying up and that the Contras were in fact close to bankruptcy?

Mr. **Abrams**. Yes.

Let me just go back and say the way this was supposed to work was here we had the $27 million in August. We had the ability to obligate it until March 30, 1986. And in March, we had the House and Senate votes on the $100 million, which we would win; and so, as the $27 million ran out, the $100 million kicks in. That was the idea.

And we did, in fact, win in the Senate but lost in the House. That was the problem. And, therefore, the resources that we thought would be available were not.

I initially thought that we would get another vote, say, in April, maybe May at the latest where we would be able to turn things around in the House. As the spring wore on, it became apparent that—both that we would not get a quick vote, quick enactment in the Congress, and that the money was running out.

It was the impression we had—I visited the area. We also had intelligence reports—that they were really running into significant debts on foods; they were rationing food; running out of medicine; they were broke.

Mr. **Belnick**. Do you recall a meeting being held by the National Security Planning Group in May, 1986—in fact, on May 16, 1986 in the situation room at the White House to discuss that very problem?

Mr. **Abrams**. I do.

Mr. **Belnick**. All right, sir.

Would you kindly turn in your exhibit book to exhibit 23? Do you recognize that as the agenda document, and, in fact, Admiral——

Mr. **Abrams**. No. This was, I think, probably an internal White House memo. I don't recall seeing it. At NSPG meetings the agenda is usually titles only. That is, it is not a memo like this. It is a one page, very brief thing.

Mr. **Belnick**. You did attend the NSPG meeting on the 16th, though?

Mr. **Abrams**. I did.

Mr. **Belnick**. The issue for discussion there, as forecast in this document, which I understand you haven't seen, was the situation in Central America and the need to get funds to the Contras; correct?

Mr. **Abrams**. There is a one page thing here, which is probably what I did see at the time, the one that has the roman numerals I through VI.

Mr. **Belnick**. And includes resistance funding options to be presented by Admiral Poindexter?

Mr. **Abrams**. Exactly.

Mr. **Belnick**. Now, sir, I want to talk to you about what happened at that May 16 meeting. In your folder, there is a classified document of excerpts of which you and I can use for the purpose of refreshing your recollection.

Do you have that document?

Mr. **Abrams**. Yes.

Mr. **Belnick**. Now, the participants at the meeting in the situation room on May 16, 1986, do you recall, included the President and the Vice President?

Mr. **Abrams**. Yes.

Mr. **Belnick**. You were there?

Mr. **Abrams**. Yes.

Mr. **Belnick**. Secretary Shultz was there?

Mr. **Abrams**. Yes.

Mr. **Belnick**. Secretary Baker?

Mr. **Abrams**. Yes.

Mr. **Belnick**. Secretary Weinberger?

Mr. **Abrams**. Yes.

Mr. **Belnick**. Director Casey?

Mr. **Abrams**. Yes.

Mr. **Belnick**. Colonel North?

Mr. **Abrams**. Yes.

Mr. **Belnick**. And others?

Mr. **Abrams**. Many others.

Mr. **Belnick**. All right, sir.

The subject of the meeting, again, was Central America, correct?

Mr. **Abrams**. Yes.

Mr. **Belnick**. And there was discussion of the situation involving the Contadora process and the options available to try to get the Sandinistas to negotiate; correct?

Mr. **Abrams**. I see that here. I think that is right.

Mr. **Belnick**. Does that jibe with your recollection?

Mr. **Abrams**. Actually, I would have said the only subject was funding, but I see this. It is perfectly reasonable.

Mr. **Belnick**. The funding of the Contras is what you were most focused on in connection with that meeting?

Mr. **Abrams**. That is really what I thought the meeting was about. We were running out of money. I think the purpose of the meeting was to figure out what to do about that.

Mr. **Belnick**. Do you recall—and it is reflected on page 5 of those notes—that it was Secretary Shultz who first said at the meeting that although there was a great deal of discussion about negotiations, the real problem is that if we don't get money to the Freedom Fighters, they are going to be out of business, period, and that Secretary Shultz said that it was his feeling that in addition to proposals of going to Congress, that it would be better to go to third countries and get assistance for the Contras from those foreign countries?

Mr. **Abrams**. Well, I take it this is correct. But I may have to say that I wouldn't have remembered it.

Mr. **Belnick**. All right.

But you do recall the Secretary discussing going to foreign countries for assistance to the Contras?

Mr. **Abrams**. I don't recall he raised it, but I certainly recall he was one of those engaged in a discussion of it.

Mr. **Belnick**. Do you recall also that as the discussion continued at the NSPG meeting—and I believe you will see this reflected on page 8—there was a question from Director Casey about whether we—meaning the U.S. government—had approached other countries, to which the Secretary of State responded affirmatively, but said there hadn't been any success.

Mr. **Abrams**. Correct.

Mr. **Belnick**. Do you recall also that there was a proposal at this meeting that perhaps at this stage, the President himself ought to get involved in soliciting funds from foreign countries on behalf of the Freedom Fighters?

Mr. **Abrams**. Again, I wouldn't have recalled it. I see it here.

Mr. **Belnick**. All right, sir.

What was your belief as to the policy that had been decided when this NSPG meeting concluded?

Mr. **Abrams**. That we were going to give it a try.

Mr. **Belnick**. Give what a try?

Mr. **Abrams**. The solicitation of funds for humanitarian assistance or the solicitation of humanitarian assistance, but presumably funds for the resistance from a foreign government, and it was my view that the Department had been assigned that responsibility, which was in accordance with that Congress had said.

Mr. **Belnick**. In fact, Congress had passed legislation stating affirmatively as of 1986 that the State Department could permissibly solicit for humanitarian aid?

Mr. **Abrams**. Congress in the fiscal year 1986 Intelligence Authorization Act passed in December 1985 said that flat out.

Mr. **Belnick**. Do you recall at or about the time of the NSPG meeting, shortly thereafter, discussions at the State Department concerning which countries to approach for assistance for the Freedom Fighters?

Mr. **Abrams**. My memory is that after the meeting, I said to the Secretary essentially, well, how do we proceed. And what I—again, my memory is I said to him, what I would like to do is go to each of my colleagues, the other regional Assistant Secretaries, and discuss with them whether there is a country or countries in their area of responsibility which might give—now, either at that meeting or at a subsequent one, the Secretary gave two general guidelines. First, that we did not want to solicit money from a right-wing dictatorship. It would be just the kind of association with the resistance we did not want should it ever leak.

Second, that we did not want to solicit money from any government which was dependent upon the United States. That is to say, for example, an aid recipient such that if it ever leaked, it could be argued by anybody, regardless of what the facts were, could be argued, could appear that we had twisted their arms in some way.

So those two groups of countries were kind of off the list. I don't remember if that was at the first meeting, but he said that at roughly that time period.

Mr. **Belnick**. At that point in time, sir, were you aware that there had been a contribution received as a result of a solicitation made to the country we refer to as Country Number Two?

Mr. **Abrams**. No. I was told that by the Tower Commission staff—whenever my first meeting with them was.

Mr. **Belnick**. To your knowledge, was the Secretary of State aware as of May 1, 1986, that Country Number Two had been successfully solicited?

Mr. **Abrams**. I don't have any knowledge about that.

Mr. **Belnick**. All right, sir.

As of May, 1986, did you have any knowledge that the country we've referred to as Country Number Three had been successfully solicited prior to that time?

Mr. **Abrams**. No. I had no knowledge any country had been successfully solicited prior to that time.

Mr. **Belnick**. Did you know at that time that the country we referred to as country number one had been approached for aid to the Contras prior to May 1986?

Mr. **Abrams**. I did not.

Mr. **Belnick**. All right, sir.

Now, you had discussions after speaking to Secretary Shultz with Assistant Secretary of State Murphy, whose area is the Near East and Middle East, correct?

Mr. **Abrams**. Correct.

Mr. **Belnick**. And what did you and Assistant Secretary Murphy conclude about whether to approach any Middle Eastern countries?

Mr. **Abrams**. Well, I asked him if he thought anybody would give and his basic answer was, no, that Central America was not an area of the world that was on the map as far as Middle Eastern countries were concerned.

While it was conceivable that a direct Presidential appeal would result in a response, that was the only conceivable way to do it, and we went through, I mentioned or he mentioned a few countries. Really, there were two problems. One was that in one or two occasions, there was a bilateral problem at the moment. More generally, he said they don't know about Central America. They have no interest in Central America.

Mr. **Belnick**. "They" being any countries in the Middle East?

Mr. **Abrams**. Correct.

Mr. **Belnick**. No reason why they would want to involve themselves on the face of it in Central America; correct?

Mr. **Abrams**. Correct.

Mr. **Belnick**. You did, after these discussions or in the course of other discussions at the Department, select a country which we are now able to use the name of; correct?

Mr. **Abrams**. Correct.

Mr. **Belnick**. And that country was?

Mr. **Abrams**. Brunei.

Mr. **Belnick**. There you go. Who selected Brunei?

Mr. **Abrams**. I did.

Mr. **Belnick**. How?

Mr. **Abrams**. Take a list of countries in the world and exclude those who have insufficient resources to make a humanitarian contribution. Exclude further those which are right-wing dictatorships, or which are, if you will, on the other side, allied with the Soviet Union. Then exclude those which—over which we can be said to have some leverage. You are left essentially with oil producers. Then look for non-Arab—since I had been to Ambassador Murphy already, non-Middle East, non-Arab oil producers. Venezuela, I thought, would not do this. You are down to Brunei.

Mr. **Belnick**. I don't know if I would have been down to Brunei, but all right.

Mr. **Abrams**. I was down to Brunei.

Mr. **Belnick**. You were down to Brunei.

You discussed it with Dr. Sigur, this selection?

Mr. **Abrams**. Yes.

Mr. **Belnick**. And you discussed it with the Secretary of State?

Mr. **Abrams**. I think I went back to the Secretary and said, I have a suggestion.

Mr. **Belnick**. Did you have an amount in mind, of how much to ask Brunei to contribute?

Mr. **Abrams**. I did have one. I cannot tell you exactly what date I formulated that amount. The amount was, it seems to me, always $10 million.

Mr. **Belnick**. How did you formulate $10 million?

Mr. **Abrams**. We were spending in the humanitarian aid program at the rate of $3 million a month, $27 million for what was supposed to be about 9 months initially. In the end it was less than 9 months. But we thought we wanted this to get us to the end of the summer, about 3 months. Ten million, three million a month was the ball park.

Mr. **Belnick**. In effect, it was bridge funding to carry you to the point when you expected Congress to come back with aid?

Mr. **Abrams**. I wouldn't say in effect. It was precisely bridge funding. We used that term.

Mr. **Belnick**. And it was going to be bridge funding for humanitarian purposes?

Mr. **Abrams**. Exactly.

Mr. **Belnick**. Now, did you consider——

Mr. **Abrams**. If I can put it this way.

Mr. **Belnick**. Yes.

Mr. **Abrams**. The humanitarian aid had been intended to reach the time of the approval by the Congress of the $100 million in March. Now, as the $100 million approval was about 6 months later than that, we needed to extend, if you will, the humanitarian funding until such time as that $100 million kicked in.

Mr. **Belnick**. You recall the Secretary of State was going to be traveling to a meeting in Asia in June, and it was at that point thought that he himself might make the solicitation?

Mr. **Abrams**. Well, the Secretary was going to Brunei.

Mr. **Belnick**. And it was thought he would make the solicitation on that occasion?

Mr. **Abrams**. I wouldn't say it was thought. It was certainly a possibility, yes.

Mr. **Belnick**. Prior to his leaving, did you do anything to get a bank account into which the hoped-for contribution could be deposited?

Mr. **Abrams**. Yes.

Mr. **Belnick**. What did you do?

Mr. **Abrams**. He was going and it occurred to me, at least to me, maybe to others, he might make this solicitation and they might say yes. If that were to happen, there had to be an account into which this money could go.

It was not our money, was not supposed to be our money. It was supposed to be UNO's money and the resistance's money. We needed a resistance account into which to tell the Government of Brunei to put the money.

Mr. **Belnick**. How did you go about getting such an account?

Mr. **Abrams**. I called—my memory is that I called Colonel North and the Task Force Chief. That is wrong. I mean, the documents indicate that I called the Task Force Chief rather later. So at that point I think I called Colonel North and said, here is my problem, we are going to do a solicitation. They may say yes. There has to be a Contra account into which this money can be put.

Do you have—how do I do this? What do I do? What do we do? How does the State Department deal with this?

And as I—I don't really recall that conversation, as I previously testified, very well nor the later one with the Chief of the Task Force. But he said, well, we can—something like that, well, we can, that is easy. We can set up an account or they can set up an account rather easy to do, we will do it. I will take care of it. Something like that.

And then, as I both recall it and having checked my notes, there intervened the inauguration of a new President in Colombia. I am off the track.

That is not right. That happened in August. What would have happened here was—that is right. This is June, prior to the Secretary's trip to Asia. I—at one point I was in Colonel North's office and he, I guess, had forgotten. In any event, I said to him, hey, the account. And he said, oh, yes. And he directed Fawn Hall to type up a card.

She was copying something, and to type it for me on an index card and she then handed it to me.

Mr. **Belnick**. Would you look at exhibit 10?

Is that a copy of the card which you got from Ms. Hall?

Mr. **Abrams**. The central part is a copy of the card.

Mr. **Belnick**. All right. That card contains on it the name of Credit Suisse Bank in Geneva, Switzerland?

Mr. **Abrams**. Correct.

Mr. **Belnick**. Attention, Mr. Jacob Steger, s-t-e-g-e-r?

Mr. **Abrams**. Correct.

Mr. **Belnick**. And an account number; correct?

Mr. **Abrams**. Correct.

Mr. **Belnick**. Which, as we all now know, contained a $10 million transposition error in the first three numbers; correct?

Mr. **Abrams**. So I gather.

Mr. **Belnick**. Did Colonel North tell you anything about this account when he gave you the card?

Mr. ABRAMS. No.

Mr. BELNICK. Did he tell you when it had been set up?

Mr. ABRAMS. It was my impression it had just been set up.

Mr. BELNICK. Did he say that?

Mr. ABRAMS. I don't know. As I say, I don't recall the exact conversation.

Mr. BELNICK. Did Colonel North tell you how he happened to get this Swiss account number?

Mr. ABRAMS. No.

Mr. BELNICK. Did he tell you——

Mr. ABRAMS. The mechanisms that he had used——no, he didn't.

Mr. BELNICK. Did he tell you who was authorized to draw on this account?

Mr. ABRAMS. No, I never knew that.

Mr. BELNICK. And you didn't ask him?

Mr. ABRAMS. No.

Mr. BELNICK. Now you also received an account number subsequently from the Chief of the Agency's Central American Task Force; correct?

Mr. ABRAMS. Correct.

Mr. BELNICK. And that account was an account in the Bahamas; do you recall?

Mr. ABRAMS. I actually don't recall. It was in the Caribbean.

Mr. BELNICK. You did know, however, that the Task Force Chief had used someone closely connected with the Contras in setting up that account?

Mr. ABRAMS. I believe at the time he said to me, well, what I can do is pass a message to somebody to say you should go set up an account, would you please go set up an account and let me have the account number when you have done that. I did not know who the signatories on that account were.

Mr. BELNICK. Now, sir, you asked both North and the Task Force Chief for account numbers. Can you explain why you got two different account numbers?

Mr. ABRAMS. Not really. The account for North—I was, I must say I still remember it as being simultaneous events. I remember it as having called both these guys to say, "Look, we are going to do a solicitation. What do I do about this?" But that is not true. I mean, in fact, having looked at the records, it's very clear this was done in June and that was done in, oh, early August I guess.

The best I can do in terms of memory is some sense that I had raised this issue with the Task Force Chief at the beginning of August, because I was now about to go and make the solicitation. And perhaps he said, well, something about setting up an account, and I let him go ahead and do that because I wasn't sure, I didn't tell him at that point that we also had another account which we could use.

In any event, the real answer to your question is, I can't quite remember it.

Mr. BELNICK. In any event, Secretary Shultz did travel to the meeting in Asia in June, correct?

Mr. ABRAMS. Correct.

Mr. BELNICK. He had with him from you the account number?

Mr. ABRAMS. He had physically that card.

Mr. **Belnick**. That card, exhibit 10. But in the event he did not make any solicitation of the Government of Brunei on that trip?

Mr. **Abrams**. As I understand it, he had discussions, I think on the plane going out there and maybe with the Ambassador when he got there, and I don't remember whether the decision was reached on the plane. Of course, I wasn't there, or when he arrived, that what he would do would be to raise the general issue of Central America with the officials of Brunei with whom he met, but not solicit any support from them.

Mr. **Belnick**. It was decided another representative of the U.S. Government would do the actual solicitation, correct, subsequently?

Mr. **Abrams**. Yes.

Mr. **Belnick**. Now, you had two account numbers. How did you decide which account number to use for the actual solicitation?

Mr. **Abrams**. Well, in the first week of August, it was decided that I would be the representative. It was not, it had not been assumed throughout I would be, since I did not know anybody in the Government of Brunei. There were other theories of who might do it, Sigur might do it, the Ambassador might do it. It might be postponed for awhile, but in the end it was decided that I would do it and we so informed the Government of Brunei.

And I remember this was the week, first week of August, a trip on the Secretary's plane to Colombia for the inauguration of the new President, and on the way back, I think I raised this issue with Mr. Hill, Charles Hill, who is executive assistant to the Secretary, and who was one of my frequent, I guess you would say, conduits to the Secretary and somebody for whom you would ask for advice. Said to him, "I have two accounts." He was informed about this, and he knew I was on Saturday going to be seeing officials of the Government of Brunei.

Now, what do I do? And we talked about which account to use on the plane. And decided that we would use the account—I would hand over the number of the account, whose number we had gotten from Colonel North rather than whose number we had gotten from the Task Force Chief, for two reasons. One, because we were having a bit of a tug of war throughout this period about the relative roles of the State Department and the CIA, and did not really want to—this would be a situation where, in essence, the CIA would be in charge of this account were we to use—I don't know who had opened it, which UNO representative had opened it, and so forth, and we weren't really keen on, I think, on that idea of enhancing the role of the CIA in what was supposed to be a State Department initiative.

Second, it's obvious that the CIA, or so it seemed to us, would have a great series of accounts around the world that might be in some sense connected to, whereas we thought the account number we were getting from Colonel North would be cleaner, that is to say, it would be an isolated account. So that was in fact what I did.

Mr. **Belnick**. And so you decided with Mr. Hill to use the account that North provided you?

Mr. **Abrams**. We agreed that I would do that.

Mr. **Belnick**. Now, at that time you did not know, did you, which UNO representative was involved with or had access to the North account?

Mr. **Abrams**. I had no—really I didn't know in either case.

Mr. **Belnick**. All right.

Did you know if the Contras or any Contra leaders had access to the account that Colonel North gave you?

Mr. **Abrams**. That was my assumption, that whoever had, whoever was the signatory had access. Again, for both accounts.

Mr. **Belnick**. But you didn't ask Colonel North, correct?

Mr. **Abrams**. I didn't ask either of the men who was the signatory.

Mr. **Belnick**. Not Colonel North or not the Task Force Chief, correct?

Mr. **Abrams**. Correct.

Mr. **Belnick**. You knew at that time that Colonel North, as you have testified today, had an involvement with the private network and private benefactors that were facilitating supplies of lethal assistance to the Freedom Fighters, correct?

Mr. **Abrams**. Yes. Yes.

Mr. **Belnick**. How did you assure yourself that there was no connection between that activity and the account that Colonel North gave you?

Mr. **Abrams**. The same way I assured him in the case of the Task Force Chief. I just——

Mr. **Belnick**. How was that?

Mr. **Abrams**. I just believed that we had some ground rules and that they would be followed.

Mr. **Belnick**. In the case of the Task Force Chief, you decided not to use the account for the reasons that you have described, correct?

Mr. **Abrams**. Yes.

Mr. **Belnick**. So the North account was the account you were going to use to put in the hoped-for humanitarian aid contribution, correct?

Mr. **Abrams**. Correct.

Mr. **Belnick**. And my question is, did you do anything to assure yourself that there was no connection between this Swiss account that Colonel North gave you and any activities of the private network or private benefactors that were supplying lethal assistance to the Contras?

Mr. **Abrams**. No.

Mr. **Belnick**. All right, sir.

What steps did you take to be certain that any money deposited into that Swiss account would, in fact, be used for humanitarian purposes?

Mr. **Abrams**. Well, we never got any money, so we never put into effect what we had in mind, or, I should say I, what I had in mind.

What I had in mind was a sort of posthoc vouchering system, that is, this was not supposed to be our money. My understanding was that that would have been a—had it been deposited in a U.S. Government account, it would have had to go to the Treasury and all sorts of complications would ensue, and it was not supposed to be U.S. Government funding.

My understanding was that this would go into—my thought was this would go into a separate account in which there would be no other money; therefore, it would be obvious any money withdrawn was being spent on humanitarian purposes and we would get vouchers, you know, bills, whatever you want to call them, documents, demonstrating what the money had been spent on.

In that way we would know that we were complying with the congressional provision this was to be humanitarian aid.

Mr. BELNICK. Did you discuss that proposed procedure with anyone?

Mr. ABRAMS. I don't—I really don't know. There weren't too many people who I could have discussed it with. But, again, we never got any money so we never actually had to go ahead and do much about that, do anything about that.

Mr. BELNICK. Did you think it was odd in any way the account that Colonel North gave you for the Contras in Central America was a Swiss account?

Mr. ABRAMS. No. I kind of figured most numbered accounts are in Switzerland and it seemed normal.

Mr. BELNICK. Did you find it odd Colonel North had access to a Swiss account?

Mr. ABRAMS. I didn't know he had access to Swiss accounts. I thought that he had presumably passed a message to open a Swiss account and it was not odd he could do that.

Mr. BELNICK. Subsequently, after the solicitation, you believed Colonel North had access to that account, didn't you?

Mr. ABRAMS. I wouldn't say access to it. He obviously knew who the signatories were and he could find out from them whether anything had been deposited into it. It was my impression he could not find out personally but they could.

Mr. BELNICK. All right.

Despite the rumors that you were familiar with, and the claims in the press that Colonel North had a close association with the private network, in your judgment it was not risky to ask him for an account into which to deposit humanitarian assistance contributions?

Mr. ABRAMS. You know—no. I mean, how did I know that the account was not his personal account? How did the Secretary know, when I handed him a card, it was not my personal account? Trust.

Mr. BELNICK. All right, sir.

Chairman INOUYE. May I interrupt at this point?

I would like to announce there is a vote in progress in the House. Thereby, members of the House have left to vote.

Please proceed.

Mr. BELNICK. To return to the chronology, it was decided that you would go to make the solicitation, and I believe a meeting was set up for that purpose in London, correct?

Mr. ABRAMS. Actually the meeting was set up and then I was designated.

Mr. BELNICK. And you were to use the name Mr. Kenilworth?

Mr. ABRAMS. Well, I traveled under my name with my passport and plane reservation, hotel reservation and so forth. But the Government of Brunei suggested that when I actually telephoned the official with whom I was to speak, I not use my name because they assumed that the telephones were being monitored.

Mr. BELNICK. You went to London in August to have a meeting with an official of the Government of Brunei?

Mr. **Abrams**. That's correct.

Mr. **Belnick**. You met him in the park?

Mr. **Abrams**. Well, I met him in a hotel but then we took a walk.

Mr. **Belnick**. What did you say to him during that walk in the park?

Mr. **Abrams**. I started by giving a speech which I have given many times, which explains U.S. policy in Central America, why it is important to the United States, what the security interests of the United States in the area are, how strongly the President feels about this—probably something like a fifteen-minute discourse on Central America, presuming this was not an issue about which the individual in question knew much.

And I then went into a description of the congressional procedure, that is, what had happened in March, the $27 million running out, how we had lost the vote in the House—in the House, that we were confident we would win it again before the end of the session, which is to say probably the end of October, but maybe not until then, not until the very end, and so we needed a kind of a bridge. And I took him through that.

Mr. **Belnick**. What did he say?

Mr. **Abrams**. I believe he asked me how much money.

Mr. **Belnick**. And did you tell him?

Mr. **Abrams**. I said $10 million.

Mr. **Belnick**. What did he say in response to that?

Mr. **Abrams**. Either at that point or a later point he said that they would have to—if they decided to do this they would have to do it from Brunei, because they didn't have access to that kind of money when they were traveling.

Mr. **Belnick**. Did he explain to you why the Government of Brunei would be interested in making this contribution to the Nicaraguan Contras?

Mr. **Abrams**. I tried to explain to him why I thought they should, just because they should be interested in the security of the United States.

He said to me.

What do we get out of this? What is in it for us?

And I said, "Well—I actually had not thought about that question much, and I said, Well, you will—the President will know of this, and you will have the gratitude of the Secretary and of the President for helping us out in this jam."

And he said, "What concrete do we get out of this?"

I said, "You don't get anything concrete out of it."

Mr. **Belnick**. When the conversation ended——

Mr. **Abrams**. Let me just add in taking him through the congressional situation I told him that we were expressly permitted to solicit humanitarian aid and that that is what I was soliciting.

Mr. **Belnick**. At the end of the conversation had the official of the Government agreed to make the contribution of $10 million?

Mr. **Abrams**. He didn't have authority to do that. He said to me that—he said to me, "I can't make that decision." He said, "What do you think the decision will be?"

And I said, "What do I think it will be? I have no idea what it will be. I obviously hope it will be positive."

He said, "I will discuss it."

I don't know—I had the impression he said he could discuss it quickly. It was clear there would be no answer quickly. He told me that the answer would come from Brunei and they would think about it.

Mr. **Belnick**. Subsequently, you heard that the answer was yes?

Mr. **Abrams**. That is correct. This was all arranged through the Embassy. Brunei and the Ambassador were always completely informed, and we agreed that he would give an answer to the U.S. Ambassador in Brunei. And that answer came. That is the cable from the Embassy to the Department.

Mr. **Belnick**. The Government of Brunei agreed to make the $10 million contribution and the further answer that they had issued instructions to send that contribution on its way to the account number that you had designated?

Mr. **Abrams**. As I recall it, that was, I think, one thing. They said OK and the implication was they were not only going to do it but were doing it.

Mr. **Belnick**. During your conversation in London, the walk in the park, you had given the Brunei official the account number as Colonel North had given it to you?

Mr. **Abrams**. That is right. I had this card. What I did—I didn't give him the card. I had, I guess, an index card or slip of paper or something with me, and I copied it on a slip of paper which I gave him. The card went back to Mr. Platt, the Executive Secretary of the Department, whose notation is on here.

Mr. **Belnick**. You subsequently learned that the moneys had been sent from the Government of Brunei, correct?

Mr. **Abrams**. Well, we had this message passed the answer was yes. We didn't learn that the moneys had been sent until December.

Mr. **Belnick**. In September, did you start—in September 1986, did you start checking with Colonel North to find out whether the moneys had been received into the designated account?

Mr. **Abrams**. We got a message from them in mid or late August, I would say. I am sorry—from the Government of Brunei. A couple weeks went by, Labor Day—actually, I guess I went on vacation, too, and I came back in September and called Colonel North, I think, or maybe I saw him—but in any event, said to him, "Could you check and see if the money has come in?"

And he said, "Yes."

And a day later or 2 days later, whatever, he called back and said, "No."

And I did that periodically a couple of times until I became concerned enough to suggest that we contact the Government of Brunei; something is amiss.

Mr. **Belnick**. And what did the Government of Brunei respond to your first contacts?

Mr. **Abrams**. Well, now, we got a cable at some point—and this would be September or late September or early October—from the Government of Brunei, saying—well, I will tell you what I recall of the cable. My impression of the cable was, relax, these things take time.

Mr. **Belnick**. You continued to check with Colonel North periodically?

Mr. **Abrams**. Every couple of weeks, yes.

Mr. **Belnick**. He told you the money hadn't been there?

Mr. **Abrams**. He never had an answer, said he would check and call back, and a day or later say, "Not there."

Mr. **Belnick**. There was cable traffic back to the Government of Brunei during that time?

Mr. **Abrams**. Oh, yes. All this was done through official channels, and we cabled the Ambassador and said—I think you have some of these cables here—we cabled the Ambassador and said would you go ask them, hey, where is the money, what is happening?

Finally, roughly around the end of October, I actually drafted up a cable which used the word "embezzlement" because I could not figure out what happened to this money, another cable to the Embassy.

Mr. **Belnick**. That proposed cable, as I understand, was overtaken by events, namely the disclosure in November; correct?

Mr. **Abrams**. It exists in a handwritten form of mine and it exists in a cable form, but was never sent; that is right.

Mr. **Belnick**. And then subsequently on December 1, 1986, if you will look at exhibit 19 in the book, after the disclosures, the Secretary cabled the American Ambassador in Brunei instructing him to instruct the Government if they had not sent the money by that point they ought to stop the deposit because of developments that had occurred in this matter; correct?

Mr. **Abrams**. Yes.

Mr. **Belnick**. And the Ambassador cabled back, exhibit 20, stating that he had met with an official of the Government of Brunei, conveyed that message and had found the official visibly shaken when he was told the money still had not been received; correct?

Mr. **Abrams**. Yes.

Mr. **Belnick**. As you understand from subsequent events that have transpired only within the last several weeks, the money subsequently has been located having been deposited into the wrong account in Switzerland?

Mr. **Abrams**. Well, now—that is right. I couldn't figure out what had happened, although as I look back in past testimony, an error in the number was obviously a logical possibility and I guess that is, in fact, what happened.

Mr. **Belnick**. All right, sir. Aside from the solicitation in which you participated to the Government of Brunei, were you aware of any other solicitations that were undertaken by the State Department in 1986?

Mr. **Abrams**. 1986?

Mr. **Belnick**. Or late 1985?

Mr. **Abrams**. In 1985, one.

Mr. **Belnick**. And would you describe that?

Mr. **Abrams**. There was a foreign leader visiting from—let me back up—we had the $27 million as of mid-August, I don't remember the exact date, that is what strikes me.

And we were beginning to put that program together, the NHAO program. And it became clear to us that we had a problem, a communications problem.

Namely, how do you get in contact with the resistance people in Nicaragua? You want to give them this material, that is the purpose of it, to give them the uniforms, the food, the medicine.

How do you get in touch with them? And the answer was "radio". And we had a foreign leader visiting from a country which made, we believed, long-range radios, long-range, a couple hundred miles, as opposed to walkie-talkie-type radio. I think we probably discussed this communications problem at a RIG, and everybody was aware of it, and I believe, I believe it was CIA people who came up with the idea that this radio, this model radio exists, it fits the bill, it is made in that country, would you ask?

Mr. BELNICK. So an approach was made to that country, we will call the country number eight, and was it successful?

Mr. ABRAMS. I don't know an approach was made, I didn't do it. One of two things happened. Either an approach was made or the country was asked whether it made those radios. In any event, the reply was we don't make those radios. So that was the end of that.

Mr. BELNICK. All right, sir.

Apart from Brunei solicitation and the possible attempt at solicitation that you have just described, did you have any knowledge of prior to November 1986 of contributions to the Contras from any other countries?

Mr. ABRAMS. No, sir.

Mr. BELNICK. All right. And prior to the disclosures——

Mr. ABRAMS. Wait a minute, let me go back on that. Before my time, that is, before July 1985, I was aware of one contribution, rumored contribution, by a European country to the Contras. One. That was the only other one.

Mr. BELNICK. All right, sir.

And prior to the disclosures on November 25, 1986, as I understand it, you did not have any knowledge or information about the Iran initiative, correct?

Mr. ABRAMS. Correct.

Mr. BELNICK. And you did not have any knowledge or information that any proceeds from the sales of arms to Iran by the United States were being channeled to or for the Contras, correct?

Mr. ABRAMS. I had no knowledge of any dealings with Iran.

Mr. BELNICK. All right, sir.

Now, in your conversation with the representative of the Government of Brunei, as you have testified, he asked what he could expect for this contribution and you told him the President, and the Secretary's gratitude. Correct?

Mr. ABRAMS. Correct.

Mr. BELNICK. All right, sir.

I would like to refer, if I may, to certain testimony—it appears at exhibit 29 in your book, which you gave to the Senate Foreign Relations Committee, I believe on October 10 of last year, 1986. Do you see that testimony?

Mr. ABRAMS. Yes.

Mr. BELNICK. This was after the solicitation of Brunei but at a point when still the moneys that had been contributed had not been received, correct?

Mr. ABRAMS. Correct.

Mr. **Belnick**. And you are asked by Senator Kerry, at page 75 of that transcript, whether you were aware of any deal by which as part of an AWACS transaction, a country was supplying weapons or assistance to the Contras on our behalf, correct?

Mr. **Abrams**. Correct.

Mr. **Belnick**. And you answered after saying no sir, "I think I can say that while I have been Assistant Secretary, which is about 15 months, we have not received a dime from a foreign government, not a dime from any foreign government."

Senator **Kerry**. "We being who?"

Mr. **Abrams**. "The United States."

Senator **Kerry**. "How about the Contras?"

Mr. **Abrams**. "I don't know. But not that I am aware of and not through us.

"The thing is I think I would know about it because if they went to a foreign government, a foreign government would want credit for helping the Contras and they would come to us to say you want us to do this, do you, and I would know about that."

Mr. **Belnick**. That testimony was your view when you gave it, correct?

Mr. **Abrams**. Absolutely. It was very important to me to state that the impression that the Contras were being financed by foreign governments was wrong, that to my fairly certain—now wrong, we all know—knowledge, we had not in that period, and they had not to my knowledge in that period, received any money from any foreign government.

Mr. **Belnick**. I understand. And your testimony that if there had been such a contribution, you would expect to know about it, because the foreign government would want credit from the United States for helping the Contras and would come to you and say that. That was your view, correct?

Mr. **Abrams**. Uh huh.

Mr. **Belnick**. And that is a fact of international life, correct?

Mr. **Abrams**. Well, you know, not exactly, because I gather the contribution I referred to before, I mentioned there was that one other which was rumored, I now know of yet another, which I have learned about in reading these proceedings in the last couple of days, that there were two occasions when somebody apparently gave a contribution explicitly and specifically without telling us because they didn't want us to know.

But generally speaking, I think that is true, that this is viewed in the international scene as a U.S. initiative. And people would do this in part as a favor to us.

Mr. **Belnick**. Yes sir.

Mr. Chairman, if I may suggest, this would be a convenient time to break for lunch.

Chairman **Inouye**. We will stand in recess until 2:00 p.m. this afternoon.

[Whereupon, at 12:25 p.m., the Select Committees were recessed, to reconvene at 2:00 p.m., the same day.]

AFTERNOON SESSION

Chairman **Inouye**. The hearing will please come to order.

Mr. Belnick?

Mr. BELNICK. Thank you, Mr. Chairman.

Good afternoon, Mr. Abrams.

Going back for a moment to Ambassador Tambs, Ambassador Tambs testified to the committees last week that in September 1985, at a chiefs of mission conference, which was held in Central America that you attended—you recall attending that conference, sir?

Mr. ABRAMS. I called it, yes.

Mr. BELNICK. That at that conference, he had a conversation with you. I believe he described it as a corridor conference in which he discussed with you or mentioned to you his activities involved in opening a Southern Military Front by the resistance against the Sandinistas.

Do you recall any such conversation?

Mr. ABRAMS. No.

Mr. BELNICK. Did you have a conversation with Ambassador Tambs about his activities privately at that conference?

Mr. ABRAMS. Ordinarily, I would have a conversation with Ambassador Tambs prior to his taking up his post. And, as I noted, we had such a conversation in Washington before he went down.

Secondly, the only other time I would really have a one-on-one with an Ambassador would be at a chiefs of mission conference such as that. I don't have any record of that, but probably I did have a one-on-one conversation. It would have lasted 30 or 40 minutes, typically, with Ambassador Tambs. And presumably I had such a conversation with him at which I have no memory of his informing me that it was his task to establish the Southern Front and that he had been so informed by Colonel North.

Mr. BELNICK. So your testimony remains there was no time that you discussed that kind of activity with Ambassador Tambs?

Mr. ABRAMS. No. Let me be specific.

Mr. BELNICK. All right, sir.

Mr. ABRAMS. It was part of Ambassador Tambs' job to know what, as it was of his Station Chief, to know what was going on in Costa Rica, including what Contra activities there were, and certainly what the local government, the host government's attitude towards Contra activities was.

It was also part of his task to seek resistance unity. It was not part of his task to form a Southern Front. And if I can just take another second of your time, what I am saying is, I spoke to Ambassador Tambs in Washington. There is a witness to that conversation. Nothing was said about establishing a Southern Front.

Ambassador Tambs received a letter from the Secretary which said nothing about a Southern Front and, B, which told him how to report to the Department. C, I had a, I think, probably about a 30-minute, one-on-one conversation with Ambassador Tambs, in Panama, in which nothing was said about your task is to establish a Southern Front. And I don't think we discussed any such thing in a corridor or anywhere else, and I think it is bizarre to think that, in contradiction of Secretary Shultz' instructions and two conversations with me, you rely on a remark that is allegedly made in a corridor.

Mr. **Belnick**. Did you ever discuss with Ambassador Tambs the desirability of opening up a Southern Military Front against the Sandinistas in Nicaragua?

Mr. **Abrams**. I think it is probably the case that we discussed at the chiefs of mission meeting, not with Ambassador Tambs, at the meeting of probably 30 people the desirability of increased military activity not only in the north but in the south. It would be extremely odd if we did not discuss that——

Mr. **Belnick**. All right, sir.

Mr. **Abrams**. At the meeting.

Mr. **Belnick**. That would be the only occasion that you recall?

Mr. **Abrams**. I don't recall it. What I'm saying is I think it is very probable that we would have done that, because we all believed it. That was on our minds.

Mr. **Belnick**. It was a policy you supported?

Mr. **Abrams**. The policy we supported was to seek additional assistance from Congress so that at some point we could do that.

Mr. **Belnick**. You first met General Singlaub, as you testified this morning, in April 1986, and you recall on that occasion that he did discuss with you his plans to solicit assistance for the Contras from certain countries?

Mr. **Abrams**. No, I don't believe that's correct.

Mr. **Belnick**. Did you know at that time that General Singlaub was involved in fund-raising assistance for the Contras?

Mr. **Abrams**. Not from him, but it was certainly in the newspapers.

Mr. **Belnick**. All right, sir.

General Singlaub has testified, if I can summarize, at these hearings that before he left for Asia to solicit contributions for the Contras from countries we've identified as number three and number five, that he met with you, apprised you of his intentions in this regard, and said that he would need some signal of official U.S. Government approval. You recall that he's given such testimony?

Mr. **Abrams**. Yes.

Mr. **Belnick**. He said further that you told him that you would provide that signal when the time came.

Now, do you recall having such a meeting with General Singlaub before he left for Asia?

Mr. **Abrams**. No.

Mr. **Belnick**. Did you tell General Singlaub at any time that you would send him the signal as to whether the U.S. Government approved of the solicitation?

Mr. **Abrams**. No. I may have told him at some point that if there ever were a solicitation made by the United States, I would give the signal or the Department would give the signal, but I recall no such conversation.

Mr. **Belnick**. As far as you remember, your discussion with General Singlaub in April 1986 was limited to his work with Pastora, which we discussed earlier today?

Mr. **Abrams**. It was about Mr. Pastora.

Mr. **Belnick**. You are aware, sir, that in May 1986 General Singlaub had a series of conversations with your aide, Richard Melton?

Mr. **Abrams**. Yes. Mr. Melton reported to me on each of those.

Mr. Belnick. And those conversations were about not only the proposed agreement involving Pastora, but about Singlaub's intentions of soliciting aid from countries on behalf of the Contras; is that correct?

Mr. Abrams. That general subject, yes.

Mr. Belnick. And you understood General Singlaub would be soliciting lethal assistance for the Contras, did you not?

Mr. Abrams. I don't think I did understand that. I don't think he ever actually said.

Mr. Belnick. You understood General Singlaub was interested in getting assistance of whatever kind he could for the Contras?

Mr. Abrams. I don't think the question ever really arose. I think the general assumption was he was not making that distinction.

Mr. Belnick. General Singlaub never said to you or Mr. Melton, so far as you are aware, he was interested only in humanitarian assistance?

Mr. Abrams. That is what I mean to say, correct.

Mr. Belnick. He was interested in getting assistance he could to help the cause?

Mr. Abrams. That is correct.

Mr. Belnick. Would you turn to exhibit EA-5, which is a memo that you received, I believe from Mr. Melton, dated May 14, 1986.

You recall that memorandum?

Mr. Abrams. Yes.

Mr. Belnick. And if you look down at the paragraph which is headed "Aid Solicitations," Mr. Melton reports, "I told Singlaub that I had been instructed to pass the following message to him."

And then he quotes precisely what he told General Singlaub, and I will read it. "The earlier decision to pass the message he had requested had been reconsidered. The judgment here was that the timing was not right. To move now might complicate other priority matters of importance of which he was aware."

Now, was there or was there not an earlier decision in your department, your Bureau, to pass the message that Singlaub had requested regarding a signal of approval for the solicitation?

Mr. Abrams. There was not, and the memorandum is in error.

Mr. Belnick. This is Mr. Melton's memorandum to you?

Mr. Abrams. That is correct. These are all Mr. Melton's memoranda.

Mr. Belnick. Do you know where Mr. Melton got the idea there had been an earlier decision to pass such a message to General Singlaub?

Mr. Abrams. No. Because he was at the meetings and, in any event, it is wrong.

Mr. Belnick. Now, when you received a copy—received a cable—from Ambassador Tambs about the Pastora-Singlaub agreement, you sent the cable back which we have identified admonishing him and saying that you were astounded that he had sent such a document and associated the Government with it; correct?

Mr. Abrams. Yes.

Mr. Belnick. Did you send a memo to Mr. Melton saying that you were astounded or surprised that he had described an earlier decision to pass a message which had never been made and an instruction that you had never given?

Mr. **Abrams**. Mr. Melton and I are in direct contact on a—well, he is now in San Jose, but were in contact on a daily basis. I could tell him that. He was at the meetings.

Mr. **Belnick**. Did you send him such a memo?

Mr. **Abrams**. I don't send Mr. Melton memos. I just talk to him.

Mr. **Belnick**. The answer is you did not?

Mr. **Abrams**. I don't send memos to my staff. I talk to them.

Mr. **Belnick**. Did you tell Mr. Melton you were surprised he had come up with an earlier decision, reported it in writing, reported it to General Singlaub in the words he used in this memo even though no such decision had been made?

Mr. **Abrams**. I can not recall what we said in those conversations. Mr. Melton was there. He knows there was no such decision ever conveyed to General Singlaub.

Mr. **Belnick**. Did you ask Mr. Melton where he got the idea that there had been a decision to send this message to General Singlaub?

Mr. **Abrams**. At this point I did not.

Mr. **Belnick**. And so, to this day you don't know where Mr. Melton got that idea?

Mr. **Abrams**. I do know Mr. Melton has told me that he does not know where he got that idea but that he acknowledges that the memo is wrong. I think he said it was loosely phrased, badly phrased.

In any event, he has told me that he recalls no such decision.

Mr. **Belnick**. Now, sir, General Singlaub has also testified to the committees that you placed a telephone call to him when he was in Country Number One and told him in that telephone conversation not to go forward with the solicitation, that it had been called off.

Is General Singlaub wrong about that conversation, as well?

Mr. **Abrams**. What is wrong about the conversation is that he called me. I didn't call him. I don't know how to reach him when he is in Asia. There was no way for us to reach him. He was traveling around. He did call me.

Mr. **Belnick**. Do you recall when that conversation took place?

Mr. **Abrams**. Well, late May.

Mr. **Belnick**. Late May 1986. Please tell us what happened in that conversation.

Mr. **Abrams**. As I recall it, and as I have testified, you know, 6 months ago, to whatever it was to the Tower Commission, he called and these memos formed the predicate to that phone call.

He said, look, I am in this country—and I don't actually remember what country it was—and I really think that I can get them to give some resources to the Contras, if you will tell them that this is in line with U.S. policy, that it is consistent with U.S. policy, it would be a good thing from the point of view of U.S. policy if they were to accede to my request.

And I told him something to the effect of, gee, I would really like to do it, but I can't do it.

Mr. **Belnick**. All right. Was that the substance of the conversation?

Mr. **Abrams**. Yes.

Mr. **Belnick**. Did you meet with General Singlaub on his return to the United States?

Mr. **Abrams**. Yes.

Mr. **Belnick**. Did you explain to him at that time why you did not think it was appropriate for his proposed solicitation to go forward?

Mr. **Abrams**. Yes. I told him—I think Mr. Melton told him some kind of very generalized statement to kind of palliate him for the moment, until he could—we were on an open line—until he got back and we could tell him a little bit more.

When he came back, he came in to see me, and I wanted to see him. I mean, he had reason to question what I had been doing because, after all, he thought he was on the verge of getting resources for the Contras, a goal with which I theoretically agreed and I had told him, knock it off. In fact, not only had I told him that I could not endorse his efforts, I had told him not to go ahead and do it.

So he deserved an explanation, and I gave him an explanation, which was basically that if there was going to be soliciting of another country, it would be the U.S. Government that would do it and, in fact, this was under consideration, this issue of solicitation was under consideration at the very high levels of the U.S. Government, and so we were—we were thinking about this, and that was really the context of my response to him on the phone.

Mr. **Belnick**. Did he say anything in response to that information?

Mr. **Abrams**. I don't recall him saying anything much.

Mr. **Belnick**. You knew General Singlaub was close to Colonel North?

Mr. **Abrams**. I wouldn't really have said that. I mean, no closer to him than anybody else.

Mr. **Belnick**. You knew Colonel North knew General Singlaub and had some association with him regarding assistance for the Contras?

Mr. **Abrams**. I'm not so sure about that. I don't recall Singlaub saying all that much about Colonel North or vice-versa.

Mr. **Belnick**. Did you ever ask General Singlaub about his relationship with Colonel North?

Mr. **Abrams**. I don't think so.

Mr. **Belnick**. All right, sir.

Mr. **Abrams**. I think I probably—I would have known or assumed they knew each other, but I would not—I do not view it, even today, as—certainly until the testimony—as having been a particularly close relationship.

Mr. **Belnick**. And you didn't ask General Singlaub about that relationship?

Mr. **Abrams**. Did he have a close relationship with Colonel North? No, I did not.

Mr. **Belnick**. Or about any relationship between him and Colonel North?

Mr. **Abrams**. He was dealing with the State Department on a very straightforward basis. We were screwing him up, but he was dealing with us on a straightforward basis. We were constantly telling him don't do this, don't do that, no, we won't help you. He kept trying to work with us.

Mr. **Belnick**. As I understand, you had one other meeting with General Singlaub, which took place after the plane carrying Eugene Hasenfus was shot down in October 1986. General Singlaub came to see you about statements being made regarding that incident?

Mr. **Abrams**. That's right.

Mr. **Belnick**. What happened?

Mr. **Abrams**. There were a number of news stories that said that the State Department was trying to cast responsibility for that flight—let's call it the Hasenfus flight—on General Singlaub. And I had heard—and I don't remember whether this was in the newspaper or I heard it privately—that General Singlaub believed I was putting that story out, and I wanted to see him because I wanted to tell him that's not true, wasn't true, and he heard it straight from me.

I had not put that story out, and I did not have any reason to believe it.

Mr. **Belnick**. Had you, in fact, though, made a statement after the shoot-down to the effect that the plane flight itself looked like a Singlaub-type operation?

Mr. **Abrams**. I don't have that quote, but I think I said something like that, meaning one of the independent benefactors.

Mr. **Belnick**. Did you tell General Singlaub that you had made that statement?

Mr. **Abrams**. I don't recall whether—I didn't recall making that statement until you showed it to me, and I don't know what I said to him at that meeting.

Mr. **Belnick**. On what did you base your statement that the shoot-down, the flight itself, appeared to be a Singlaub-type operation?

Mr. **Abrams**. Well, it was a private benefactor flight from one of the benefactors, whose identities I didn't know. That is exactly what I meant, that there were people out there helping the Contras, private citizens. One of them was General Singlaub.

He had a group, or more than one group. That was the type of operation this looked to be.

Mr. **Belnick**. Had you ever asked General Singlaub, at any of your meetings, whether he was providing lethal assistance to the Contras?

Mr. **Abrams**. I don't think so. You know, one of our meetings—I met him in April and then again when he came back from Asia.

Mr. **Belnick**. In any of your considerations, did you ever ask him?

Mr. **Abrams**. I don't think so, but I think I probably assumed that he was.

Mr. **Belnick**. Did you ever ask Colonel North if General Singlaub was engaged in that kind of activity?

Mr. **Abrams**. I don't think I ever asked anybody.

Mr. **Belnick**. All right, sir.

When is the first time that you met Spitz Channell or Richard Miller?

Mr. **Abrams**. Going by memory, January 6, 1986.

Mr. **Belnick**. That was at a lunch here in Washington?

Mr. **Abrams**. Correct.

Mr. BELNICK. How was that lunch set up?

Mr. ABRAMS. A friend of mine, who is attorney in Washington, said there are two men—Miller was one of them, Channell was another—neither of whom I ever believed I had met or heard of—who are putting together a big ad campaign to help the resistance and they want to talk to you and tell you about their ad campaign. So I said fine.

Mr. BELNICK. And you set up the lunch?

Mr. ABRAMS. That is right.

Mr. BELNICK. The three of you were present, Spitz Channel, Rich Miller, and yourself?

Mr. ABRAMS. Yes.

Mr. BELNICK. What was the discussion at the lunch?

Mr. ABRAMS. They—actually Miller, as I recall, didn't say hardly anything. Channell spoke a lot. They had this ad campaign. They actually had on a sort of a big piece of manila paper or oak tag—there is a word for this, but I don't remember what it is.

Mr. BELNICK. Storyboard?

Mr. ABRAMS. Storyboard. Of what the ads would look like. You know, little photos taken presumably from the actual ad itself of what at least one or two or three of the ads would look like. And he was the person that came across with the confidence of his funding—that is nothing was said about money, because he seemed to have all the money he needed. And he was just in the business at this point, he hired an ad agency to do up the ads, and he was buying time. He was—I guess he hadn't done this yet but he knew we were going to have votes in March. It was time to get moving in that period.

Mr. BELNICK. Did he ask you for any assistance at that lunch?

Mr. ABRAMS. No.

Mr. BELNICK. Did you subsequently speak at any gatherings arranged by Channell's organization—National Endowment For the Preservation of Liberty?

Mr. ABRAMS. Yes.

Mr. BELNICK. And when was that, sir?

Mr. ABRAMS. It was either January 29th or January 30th.

Mr. BELNICK. If you look at exhibit 24, EA-24—I think you will see that the date as we have it is January 30, 1986, and it was at a meeting——

Mr. ABRAMS. Well, I was actually not referring to this meeting. I was referring to a dinner which either preceded it or followed it.

Mr. BELNICK. Tell us about that dinner.

Mr. ABRAMS. There were two occasions in this period. I guess that means the dinner is the 29th then. There were two things. One was that I was called by the White House, as I recall it, and told that the President is speaking to a group on January 30. This was nothing new. I was speaking at the White House in this period with great frequency to groups. The only difference here was that the President was also speaking to this group and would I be one of the kind of warm-up people, speakers, and of course the answer to that was yes.

But also, I guess it is the previous night, the group in question, which is the National Endowment For the Preservation of Liberty, was having its own dinner and I was also asked—not by the White

House, I think by the group itself—would I speak at that dinner. I said yes to that, too.

Mr. **Belnick**. And you spoke at both. What was the nature of your remarks on those occasions?

Mr. **Abrams**. Well, pretty repetitive. Again, it was the basic pep talk. Why the policy is the right policy, how strongly we feel about the policy, and in the case of people who were—this was kind of preaching to the converted, thanking them for their support of the policy. And then telling them we were going to win in the Congress and get the $100 million.

Mr. **Belnick**. The President spoke at the meeting on January 30 as well?

Mr. **Abrams**. That is correct.

Mr. **Belnick**. Did you make any effort to find out whether either Channell or the Miller organization was involved in anything other than sponsoring advertisements?

Mr. **Abrams**. I took it exactly as it was presented to me. There was no reason in the world to think it was other than what it was presented to be.

Mr. **Belnick**. You never had any information that that organization was involved in soliciting contributions from Americans on behalf of the Contras?

Mr. **Abrams**. No. The information presented to me was that this group was soliciting contributions for this campaign.

Mr. **Belnick**. For this advertising campaign, period?

Mr. **Abrams**. That is correct.

Mr. **Belnick**. Now, sir, did you testify a little bit before you had never heard of Rich Miller before the mutual friend talked to you about him and Spitz Channell?

Mr. **Abrams**. I don't believe it was a familiar name. Certainly wasn't a familiar face.

Mr. **Belnick**. Wasn't it true, though, that prior to this time, Miller through a company known as IBC had a contract with the Office of Public Diplomacy of the State Department?

Mr. **Abrams**. Yes.

Mr. **Belnick**. You are familiar with that contract?

Mr. **Abrams**. I am now.

Mr. **Belnick**. Were you then?

Mr. **Abrams**. No.

Mr. **Belnick**. All right.

Mr. **Abrams**. It was not part of my bureau. It was being run separately. I had no reason to know about their contracting.

Mr. **Belnick**. OPL was taken over by your Bureau at some point?

Mr. **Abrams**. LPD.

Mr. **Belnick**. Excuse me.

Mr. **Abrams**. Was taken over in March or April of 1986 after a lengthy fight on my part to keep it out of my Bureau.

Mr. **Belnick**. When your Bureau took over LPD, did you then become acquainted with the contract that had been entered into between IBC and the Bureau?

Mr. **Abrams**. Yes. I can't—I mean, we took it over probably in March. At some point subsequent to that, it came to me. Yes.

Mr. **Belnick**. What was the nature of that agreement, that contract?

Mr. ABRAMS. All that I can recall is that Mr. Kagan, whom I appointed to be the head of the Office of Latin Public Policy, came to me and said there is a kind of an agreement here under which IBC is doing work for the Department and we don't really need this contract anymore.

We have really gotten going. We have a good active office now, so we want to close off the contract and there were all sorts of complications because the question was whether we had to pay them before we closed off the contract. Basically, I told them, OK, I agreed to that. Let us break the relationship with IBC and let's close off the contract doing whatever we needed to do to do that.

Mr. BELNICK. Did you discuss that at all with Rich Miller?

Mr. ABRAMS. No, I did not.

Mr. BELNICK. Now, are you familiar with an organization known as Sentinel?

Mr. ABRAMS. I have heard of it. I believe—I have heard the name.

Mr. BELNICK. Did you have anything to do with that organization?

Mr. ABRAMS. No.

Mr. BELNICK. How frequent were your contacts, would you say, with Channell or Rich Miller after the lunch that you had in January 1986?

Mr. ABRAMS. I don't know. I certainly called Channell. I don't think Miller. I recall a call to Spitz Channell in—after the vote. I guess it was in the—I would call periodically to thank him for—I think it was in June. I don't really know the answer.

The telephone records would show how often. Not too often.

Mr. BELNICK. Did you develop a close working relationship with Channell or Miller or any members of this organization?

Mr. ABRAMS. No working relationship with either of them or members of their organization.

Mr. BELNICK. If they said otherwise, that would be wrong?

Mr. ABRAMS. Yes, sir.

Mr. BELNICK. Would you look at exhibit 41? A memo dated August 25, 1986 from Spitz Channell to David Fischer setting forth a draft memo for Don Regan, and I would like to focus your attention on the final paragraph of the first page. These words in particular. "$750,000 was spent by Sentinel directly to build congressional support for President Reagan. This included advocacy television messages in 32 congressional districts, the production of two 30-minute television documentaries supporting the Nicaraguan Freedom Fighter cause filmed secretly in Nicaragua, active lobbying of Congress by a staff of five, newspaper ads . . . and continuous work with Assistant Secretary, Bureau of Inter-American Affairs, Department of State, Elliot Abrams."

Have you ever seen this memo before?

Mr. ABRAMS. No, sir.

Mr. BELNICK. Is that assertion that there was continuous work with you by the Channell organization erroneous?

Mr. ABRAMS. It is. It is what in first-year contracts class we would have called sales puff.

Mr. **Belnick**. Sir, I would like to turn now to the shoot-down of the Hasenfus flight in October 1986. You recall that on October 5, that plane was shot down over Nicaragua, correct?

Mr. **Abrams**. Yes.

Mr. **Belnick**. Two crewmen were killed and Eugene Hasenfus was captured by the Sandinistas. How did you learn of that event?

Mr. **Abrams**. I don't know. I suspect probably from CIA.

Mr. **Belnick**. All right. Do you recall who at the CIA?

Mr. **Abrams**. It is conceivable that it was the Embassy in Managua. I just don't recall.

Mr. **Belnick**. You don't have a specific recollection?

Mr. **Abrams**. None.

Mr. **Belnick**. But you do recall that very shortly, within a day or so, after learning of the event, you were becoming—you were giving public statements to the effect that there was no U.S. Government involvement in that flight whatsoever, correct?

Mr. **Abrams**. That's right. Within a couple of days.

Mr. **Belnick**. And you believed that to be the case at the time?

Mr. **Abrams**. Absolutely.

Mr. **Belnick**. On what did you base those categorical assurances that you were giving to the press and to the public about no U.S. Government involvement whatsoever in the Hasenfus flight?

Mr. **Abrams**. We inquired of—when I say "we," I mean I and others, the Deputy Assistant Secretary for Central America—inquired of CIA, inquired of NSC, inquired of DOD—I don't believe we had an actual meeting, these were phone calls—and everybody said, not only then but later, there was no U.S. Government role.

Mr. **Belnick**. Who did you speak to at the NSC?

Mr. **Abrams**. Well, I believe, having checked the telephone records, it may have been Mr. Earl. As I recall the PROF notes from the Tower Report, Colonel North was out of the country. So I didn't talk to him until he got back.

I talked to the Task Force Chief, may have talked to somebody at DOD, but again others besides myself were in contact.

You did not speak to Colonel North?

Mr. **Abrams**. Well, I did speak to Colonel North within a couple of days. I also spoke to people, I and my staff, spoke to people at NSC. Again, I haven't read the Tower Report in a while, but there are PROF notes, I believe a PROF note from Bill Perry, who is an NSC staff member, to Poindexter, reporting that he had basically done the same thing. He checked with CIA, DIA, and so forth.

Mr. **Belnick**. When you spoke to Colonel North after the shoot-down and after you had begun making your statements there was no U.S. Government involvement, did you ask him whether there was any U.S. Government involvement in the flight?

Mr. **Abrams**. Did I say flat out? No.

Mr. **Belnick**. Did you ask Colonel North if he himself had any involvement in that flight?

Mr. **Abrams**. No sir. He knew, on the other hand, I would just say, it was very clear what I was saying publicly. In fact, at one point I spoke to Larry Speakes to ask whether this was the line that the White House wanted me to take. But everybody—I mean what I was saying was very clear, and it had been checked out with CIA and NSC and, I believe, Department of Defense.

Mr. **Belnick**. Now, you felt, didn't you, at the time that based on your knowledge, Colonel North was likely to be the official in the U.S. Government who would have the most information about this flight, if anyone in the Government would? Wasn't that your belief?

Mr. **Abrams**. Oh, probably.

Mr. **Belnick**. In fact, you have testified to the Tower Board that nobody had more information about the private network than Colonel North. Is that correct?

Mr. **Abrams**. Well, I testified to that this morning as well.

Mr. **Belnick**. Right. In fact, when you spoke to Colonel North after the flight was shot down, you asked him who the employers were of the dead and captured crewmen. Correct?

Mr. **Abrams**. No, I don't think I did ask him that question. I think it came up in the conversation, but I don't believe I asked him who are the employers.

Mr. **Belnick**. He volunteered it?

Mr. **Abrams**. No, I think he said that, something about the employers came up. There was a question—I mean, in this conversation there was a question about a defense fund. There was a question about the treatment of the bodies of Cooper and Sawyer. There was a question about the Hasenfus family.

There was a question about consular access. All of that came up in the conversation, including, as I recall it, the question of who were the employers in the context of defense fund expenses and so forth.

Mr. **Belnick**. But the question that did not come up was whether North himself was involved or whether he knew if the U.S. Government was involved in any way; correct?

Mr. **Abrams**. I don't think I asked that question specifically. It was very clear that that would have been completely contradictory to what he had previously told me.

Mr. **Belnick**. Even though, as you have also testified, you believed that Colonel North had more information about the private network in this flight potentially even than the CIA?

Mr. **Abrams**. And was not directing it. This has been testified to Congress by Mr. McFarlane—was not coordinating, facilitating, directing, and so forth. I didn't need to ask that question. That was answered by Mr. McFarlane.

Mr. **Belnick**. Just as Mr. McFarlane had given categorical assurances, you took that role and were giving categorical assurances?

Mr. **Abrams**. I think I was the logical spokesman, I had been by then, for quite awhile the local spokesman on Central America issues and once having established to my satisfaction that this was the case, I did something in addition to saying it publicly in something which is in a sense as significant for me and that is that I gave categorical assurances to the Secretary that there was no U.S. Government involvement and that he could so state.

Mr. **Belnick**. And you gave the same assurances to the Congress; correct?

Mr. **Abrams**. The same exact assurances.

Mr. **Belnick**. You testified to the House Foreign Affairs Committee on October 15, 1986 and you said,

> I will say that no American intelligence or Defense or any other kind of government official was engaged in facilitating this flight or paying for it or directing it or anything like that, there is no U.S. Government involvement, no government involvement, including anybody in the Embassies overseas.

You made those statements.

Mr. **Abrams**. I made those statements and I made a similar statement on October 14 to Secretary Shultz and every one of those statements, private and public, was completely honest and completely wrong.

Mr. **Belnick**. You were asked also at the House Foreign Affairs Committee meeting by one of the members of the committee, "do you think there is anyone in the Government who does know who organized the Hasenfus flight?"

And your answer was "no, because we don't keep track of this kind of activity."

You gave that testimony.

Mr. **Abrams**. I take your word for it.

Mr. **Belnick**. Page 33, of the transcript.

Chairman **Inouye**. Mr. Belnick, may we have a short recess at this point. Both Houses have votes in progress. The hearings will be in recess for 10 minutes.

[Brief recess.]

Chairman **Inouye**. Yes, yes.

Mr. Belnick.

Mr. **Belnick**. Thank you, Mr. Chairman.

Mr. Abrams, when we broke, I was referring to page 33, of the transcript of your testimony to the Subcommittee on Western Hemisphere Affairs of the House Foreign Affairs Committee back last year on October 15, 1986. And you recall you gave this testimony in response to questioning by Representative Kostmayer.

"Representative Kostmayer. You have not been told by our government, if indeed our government knows, who organized and who paid for this particular flight—" referring to the Hasenfus mission.

> Mr. Abrams. I wouldn't separate myself from the Government. We don't know.
> Mr. Kostmayer. Do you think there is anyone in the Government who does know?
> Mr. Abrams. No. Because we don't track this kind of activity.

Do you recall giving that testimony, Mr. Abrams?

Mr. **Abrams**. Yes.

Mr. **Belnick**. At the time, sir, wasn't it the fact that you believed there was someone in government who would know, who organized, or paid for the Hasenfus flight?

Mr. **Abrams**. No. To say that Colonel North was the person who knew the most about the private benefactors—which I thought, and think to be the case—is not to say that he could tell you the name of every one of them and could tell you everything that every one of them was doing each day.

Mr. **Belnick**. You didn't tell Representative Kostmayer though, in response to his question, that there was someone in the White House, who you believed had more information even than the CIA about the private network, which apparently was responsible, in your view, for the Hasenfus flight? You did not tell that to the committee at that time, did you, sir?

Mr. **Abrams**. That is correct.

Mr. **Belnick**. All right, sir.

As I understand your position, with respect to the categorical assurances that you gave to the Secretary, the public, the press, and the Congress that there was no U.S. Government involvement in the Hasenfus flight, which turned out to be wrong, your position is that you were put in the position of making false statements about that lack of involvement because nobody in the Government who knew the facts waved you off. Is that your position?

Mr. **Abrams**. I think that is a fair statement. I would just, you know, remind you that there was no reason—for example, we talked about the events of September, whatever the date was, when Colonel North called me late at night with regard to the press conference about the airstrip. He did what he was supposed to do. He went through channels. He wished the U.S. Ambassador to undertake an activity. What do you do when you are on the NSC staff and want that? You call the Assistant Secretary, ask him is it all right with you, can you give me instructions. Every indication was everything was being done through proper channels.

As you know, I did not make this statement once. I made the statement over a period of about 3 weeks until the 23d or 24th of October, and anybody who had any knowledge which he wished to communicate to me to the effect that those statements were not true had ample opportunity to do so.

Mr. **Belnick**. And as you have testified in addition, you did not ask Colonel North if he was involved in the flight or if he knew of any official U.S. involvement in so many words, correct?

Mr. **Abrams**. I think I already had assurances probably on that from Mr. Earl. In any event, I do not recall stating those words to Colonel North.

Mr. **Belnick**. You didn't ask Colonel North in so many words. That is your testimony, isn't it sir?

Mr. **Abrams**. That is correct.

Mr. **Belnick**. Now, sir, you have great facility with the English language, don't you?

Mr. **Abrams**. I do OK.

Mr. **Belnick**. I think you do great. You are a master of words. You use words carefully. You answer carefully in response to words that are put in questions.

Mr. **Abrams**. Nobody has ever led me into asking me a question I like to be asked. Go ahead.

Mr. **Belnick**. We have had witnesses before the committee to whom English is a second, third language. You are not one of those witnesses?

Mr. **Abrams**. This is correct.

Mr. **Belnick**. So if you did not ask Colonel North in so many words if he was involved or if he knew if there was any official U.S. involvement, it was because you decided not to ask him that question in so many words, isn't that right, sir?

Mr. **Abrams**. No. I think it is because I believed I knew there was no U.S. Government involvement, had checked around, had stated there was no U.S. Government involvement, was aware of the fact Colonel North would not be involved in this because of previous statements of his and others that he would not be involved in this kind of activity.

Then he came back to town—I believe I had already spoken publicly about this—and did not say wait a minute, stop.

Mr. **Belnick**. Sir, let me go back to my question. If you did not ask Colonel North in so many words, "Ollie, were you involved with this flight?" "Ollie, do you know who paid for this flight?" "Ollie, is there any U.S. Government fingerprint on this flight?" If you didn't ask him any of those questions in so many words, it was because you decided not to ask him any such question, isn't that correct?

Mr. **Abrams**. Sure. That's logically correct.

Mr. **Belnick**. And one of the reasons you say you didn't ask him such a question is because there were prior statements of others categorically denying that North was involved in any such activity; correct?

Mr. **Abrams**. And his, and I believe by then—we'd have to check the date of the phone call of Mr. Earl's.

Mr. **Belnick**. And the Chief Categorical Assurance to which you've testified was the representation by former National Security Adviser McFarlane that North was not involved in that kind of activity; correct?

Mr. **Abrams**. Which was quite awhile before that, but that's correct.

Mr. **Belnick**. It was a year before that, wasn't it? So it is your testimony, sir, that each time you did not ask North a point-blank question or for a fact, it was because you were relying on what Robert McFarlane said in September, 1985?

Mr. **Abrams**. No.

Mr. **Belnick**. Isn't it true, sir, that the only reason you didn't ask Colonel North point blank or in so many words whether he was involved or whether there was any U.S. official involved in the Hasenfus flight is because you were afraid that you'd get the wrong answer?

Mr. **Abrams**. No. It is not.

Mr. **Belnick**. Well, sir, can you give us any other plausible reason for not asking the man who you believed knew more even than the CIA who was responsible for that flight?

Mr. **Abrams**. Mr. Belnick, I have told you really all day today that it was very clear indeed that Colonel North was not violating the law, that, as Mr. McFarlane had previously assured Congress, there was no facilitating, there was no directing, there was no coordinating going on by Colonel North or anybody else under his direction in the U.S. Government.

I worked with him, as others did, in the RIG over the course of that year in question, that is to say, from roughly, let us say, September, 1985, to September, 1986; and in that year, had occasion to watch Colonel North at work and had occasion to watch him use proper channels in his work with me repeatedly, and I had no reason whatsoever to believe that he was violating the law.

Mr. **Belnick**. And you were willing to give categorical assurances to the Secretary of State, under oath to Congress, to the public, and the press without ever asking the question point blank of the man you knew knew the most in the Government; isn't that right?

Mr. **Abrams**. That is correct. Not only was I willing, Mr. Belnick, I did it because I was confident that there was no such activity going on.

Mr. **Belnick**. And you turned out to be wrong?

Mr. **Abrams**. That is correct.

Mr. **Belnick**. And as a result of that, you ended up making false statements to the Congress, the public, and the press?

Mr. **Abrams**. Making wrong statements is the way I'd put it.

Mr. **Belnick**. Which were not true?

Mr. **Abrams**. That's right, sir.

You said the public, the press, and the Congress. I would add the Secretary.

Mr. **Belnick**. Absolutely. The Secretary of State as well. And the Secretary who had told you in September 1985 to monitor Ollie; correct?

Mr. **Abrams**. That's correct.

Mr. **Belnick**. And when you gave the Secretary of State the categorical assurance that he could state publicly there was no U.S. involvement, did you tell him that you had not monitored Ollie in so many words on that subject?

Mr. **Abrams**. I would not agree with the judgment you have just made that I did not monitor Colonel North's activities. In the course of a year, I believe that I knew enough about his activities to say that I had monitored them.

Mr. **Belnick**. Well, sir, didn't you testify to the Tower Board that you were careful not to ask Colonel North too many questions?

Mr. **Abrams**. I was careful not to ask Colonel North what questions I thought I did not need to know the answers to. I was also careful to see that he worked through channels. I was careful to see that Colonel North was doing what he appeared to be rightly doing, while assuring me and other members of the U.S. Government that he was not violating the law in any way.

Mr. **Belnick**. Sir, did you tell Secretary Shultz, when you told him he could go out on the limb and give categorical assurances, did you tell him that you had not asked a specific, point-blank question of Colonel North? Can you answer that yes or no?

Mr. **Abrams**. I can answer that no, I did not. I can answer that by October 14, which is my note of the conversation with the Secretary, I had had numerous conversations with Colonel North, or he had asked me, "Have you been in contact with Colonel North, and has he told you, 'Don't say that?' " The answer would have been that he did not tell me that.

Yes, I have been in contact with him. I cannot recall what the first time was I discussed this with the Secretary.

Mr. **Belnick**. But in none of those conversations that you had had with Colonel North by October 14, had you put to him the direct question, right?

Mr. **Abrams**. That is correct.

Mr. **Belnick**. All right, sir.

Now, in your opening statement this morning, you said that echoing the views of the late Senator Jackson, for whom you worked, that you believed, as he did, that Congress must be a powerful participant in the making of foreign policy.

That is your view?

Mr. **Abrams**. It is.

Mr. **Belnick**. And you have had that view throughout your tenure in the State Department?

Mr. **Abrams**. Correct.

Mr. **Belnick**. And you would agree with me, sir, that for Congress to play that role of powerful participant in the making of foreign policy requires that Congress must be well and carefully informed of the facts, correct?

Mr. **Abrams**. Correct.

Mr. **Belnick**. And that officials such as yourself who were charged with important foreign policymaking responsibilities approach Congress at all times in the spirit of candor and cooperation, correct?

Mr. **Abrams**. Correct.

Mr. **Belnick**. All right, sir.

With that in mind, I would like to examine certain of your testimony before the Senate Intelligence Committee on November 25, 1986. The excerpts to which I will have reference are at exhibit 30 in your book.

Mr. **Abrams**. Can you give me the number again?

Mr. **Belnick**. Exhibit 30.

We are referring to, as I said, testimony before the Senate Select Committee——

Mr. **Abrams**. Before we turn to exhibit 30, it is probably worth my adding for the record what I have told you privately at great length, Mr. Belnick, which is that I learned of potential U.S. Government involvement in this network on the 23d of October, 1986.

I informed Mr. Hill and Mr. Platt of what I had learned at 7:00 a.m. on October 24 and quickly thereafter that day informed the Secretary. So, when I found out that there was potentially a legal problem here, I went to the Secretary immediately.

Mr. **Belnick**. You did tell me that, sir. I was going to ask you. I am glad you reminded me.

As I understand, on October 23, you were visited by a representative of the Central Intelligence Agency who told you that the Agency had an indication that its senior representative in Costa Rica had some involvement in this flight.

Mr. **Abrams**. On the afternoon of the 23d of October, the Chief of the Latin America Division, in a sense my counterpart, told me, and I told Mr. Hill and Mr. Platt and the Secretary, that it looked as if there was a CIA involvement in these flights.

And I noted to the Secretary and Mr. Hill and Mr. Platt that I had been out there for 3 weeks saying that there was no involvement, and now I am told that there is involvement—namely, that apparently there are calls from one of the locations in Central America used by the people connected with the flights to the Station Chief in Costa Rica and that CIA headquarters had just discovered this.

That was what I was told and passed on. I was told that the Chief of Station was trying to destroy his phone records. I was—I asked Mr. Hill and Mr. Platt—I raised the question, "Who could he have been calling? Was he calling Mr. Casey? Was he calling Mr. North?"

I raised the question of whether this was not a potential violation of the Boland amendment. I noted that the Deputy Director for Operations of the CIA had sat next to me twice and testified that there was no—no CIA involvement whatsoever, and noted that I had been told that he was, of course, livid at learning about this.

I suggested that perhaps somebody in the CIA was lying. I suggested that perhaps Ambassador Tambs had known plenty about all of this, and I had—and I stated that I did not know really what was up. I just did not know at this point other than to say that what I had said, which was that there was no U.S. Government involvement, now looked wrong. That was October 24.

Mr. Belnick. What was the response by Messrs. Hill and Platt?

Mr. Abrams. Chagrin, anger that the Department had been put in this position, suggesting that I—as I had anticipated doing—tell the Secretary. And then we faced the question of what to do, and we decided the first thing to do—we had been told there was an Inspector General's investigation which was to be undertaken at CIA. The first thing to do, since we didn't know anything here—we just had surmise and speculation, leaps to conclusions—that we would wait and see what that investigation came up with before we did anything.

As it happened, that investigation finally sort of melted into the criminal investigation which was undertaken right after November 25.

Mr. Belnick. This was the Secretary's view, as well, of how to proceed in light of what you had learned from the agency?

Mr. Abrams. Well, I think so, in that that is what we did.

Mr. Belnick. All right, sir.

Now, if we can return, then, to November 25, 1986, your testimony before the Senate Select Committee on Intelligence. That day, as you recall, was the same day as the Attorney General's press conference announcing what has been referred to as the diversion of funds from the Iran arms sales for the Contras.

By that day, November 25, 1986, you had solicited an official of the Government of Brunei, correct?

Mr. Abrams. Correct.

Mr. Belnick. You had received Brunei's agreement to make a contribution of $10 million, correct?

Mr. Abrams. Correct.

Mr. Belnick. The Government of Brunei had informed the State Department that that $10 million had been sent, correct?

Mr. Abrams. They had informed us of that, although obviously something was very wrong.

Mr. Belnick. And at the same time, so far as you knew from checking regularly with Colonel North, that $10 million had not been received in the account?

Mr. Abrams. Correct.

Mr. Belnick. That was the state of the situation——

Mr. Abrams. And I would add that I had drafted a cable to them, which had not been sent, saying what is going on here.

Mr. Belnick. So Brunei had been solicited, it had contributed, the money hadn't arrived?

Mr. Abrams. Well, I wouldn't say that. I did not know that the money had been contributed. I would say we had a cable in August saying the decision is yes. We then had an exchange of cables in which everybody kept saying, oh, yes, everything is fine, don't worry about it. And something was wrong.

Mr. **Belnick**. The Government of Brunei told you that it had made the contribution, though, correct?

Mr. **Abrams**. I think they told us in August that they were going to.

And I think another point, they said don't worry about it, but we were indeed worried about it. Something was not right here.

Mr. **Belnick**. So at the very least, you had obtained a promise of a $10 million contribution from Brunei, you had solicited that contribution, you were expecting to receive it, and it hadn't been received; is that fair?

Mr. **Abrams**. Hoping to receive it. At this point we were a bit worried about it.

Mr. **Belnick**. Is that a fair summary of where things stood on November 25?

Mr. **Abrams**. Give it to me again.

Mr. **Belnick**. You had solicited Brunei, you had obtained a pledge—a pledge——

Mr. **Abrams**. I'd put it that way.

Mr. **Belnick**. A pledge from Brunei of $10 million, and the pledge had not been paid so far as you knew, or you weren't sure?

Mr. **Abrams**. I did know. As far as I knew, it had not been received.

Mr. **Belnick**. You have a great facility with language.

I'll take it any way you want. You raised the money by asking for a pledge. You had gotten a pledge. The money had not arrived. Is that fair?

Mr. **Abrams**. I think that's fair.

Mr. **Belnick**. With that in mind, you were questioned at the November 25 committee meeting by Senator Bradley concerning foreign contributions to the Contras. You recall that generally?

Mr. **Abrams**. I recall that more than generally. I recall it specifically.

Mr. **Belnick**. All right. Then you'll recall that you were first asked by Senator Bradley, at pages 11 and 12 of the exhibit 30, whether you had any knowledge that the Contras were receiving funds from Israeli or other MidEastern sources, correct?

Mr. **Abrams**. Correct.

Mr. **Belnick**. To that question you answered, no, because Brunei is not a Middle Eastern country, correct?

Mr. **Abrams**. Wait a minute.

Mr. **Belnick**. Your answer was no. There had been no——

Mr. **Abrams**. Well, yes. I think that is—yes.

Mr. **Belnick**. And your basis for saying no to that question despite the situation involving Brunei was that Brunei was not a Mideastern country; correct?

Mr. **Abrams**. That is correct. Well, no. Let me—there were two reasons. One thing Brunei was not a Middle Eastern country. I had, in fact, discussed this question with Assistant Secretary Murphy. I had a very clear impression from that conversation that no Middle Eastern country had contributed, was contributing, or, in his view probably would contribute.

Mr. **Belnick**. I understand. Let me be more clear.

The reason you did not answer that Brunei had agreed to send funds in response to Senator Bradley's question is because he asked whether any such funds had come from Israeli or Mideastern sources?

Mr. **Abrams**. Yes.

Mr. **Belnick**. And Brunei was neither Israeli nor Mideastern?

Mr. **Abrams**. Correct. I think that is fair.

Mr. **Belnick**. So your negative answer was literally correct.

Then Senator Bradley asked you at page 14 of the transcript whether you had ever discussed problems of fundraising by the Contras with members of the NSC staff. You see that question?

Mr. **Abrams**. Yes.

Mr. **Belnick**. And you answered no, that you couldn't remember any such discussion; correct?

Mr. **Abrams**. Well, I think that is really not quite a fair summary of the answer.

Mr. **Belnick**. How would you characterize your answer?

Mr. **Abrams**. I wouldn't characterize it. Here it is.

Mr. **Belnick**. Let me read it.

> Senator Bradley: Did either one of you— —there was someone else at the hearing testifying with you— —ever discuss the problems of fundraising by the Contras with members of the NSC staff?

"Mr. Abrams: No, I can't remember."

Is that what you said?

Mr. **Abrams**. Wait a minute. Come on Mr. Belnick. It says, "Well, yes." That is the first thing that comes out of my mouth. Not, "Well, no."

"Well, yes" is the first thing. It goes on at somewhat greater length.

Mr. **Belnick**. I will read the whole excerpt.

Mr. **Abrams**. It is bad enough as it is. Let's not make it worse.

Mr. **Belnick**. Your position is that you answered "yes and no"?

Mr. **Abrams**. My position is, here it is; it is right in front of you.

Mr. **Belnick**. Did you tell the committee at your subsequent appearance that the reason you answered "no, I can't remember" was because the question from Senator Bradley asked you whether you had discussed fundraising by the Contras and that the solicitation that you had made was not fundraising by the Contras, it was fundraising for the Contras by you? Isn't that the explanation you gave the Senators in December for this testimony?

Mr. **Abrams**. That was one of the explanations, yes.

Mr. **Belnick**. And so your answer, at least at line 23, of "no, I can't remember" was technically correct because the Brunei solicitation was not fundraising by the Contras; right?

Mr. **Abrams**. It was technically—yes, it was technically correct.

Mr. **Belnick**. It was technically correct?

Then, sir, Senator Bradley made a comment concerning how Contra supporters in the U.S. Government might attempt to come up with a way of getting dollars for the Contras and at page 15 of the November 25 transcript, you made the following comment in response at line 4.

> Mr. Abrams: No. Other than the conversation I have—other than the Middle Eastern thing which I recounted to you. We are not—you know, we are not in the fundraising business.

You made that statement?

Mr. **Abrams**. Correct.

Mr. **Belnick**. And then again, sir, at the end of the hearing at page 26, in response to a statement by the chairman of the Committee, you made the following comment, at the top of page 26, "we don't engage—I mean the State Department's function in this has not been to raise money, other than to try to raise it from Congress." You made those statements?

Mr. **Abrams**. Right.

Mr. **Belnick**. And despite your fund-raising activity with Brunei you considered those statements to be technically correct as well, didn't you, sir?

Mr. **Abrams**. Well, I think you have to recognize that this was the day that the—first this is the day that the incredible announcement had been made. We are now talking about a hearing which took place within hours of that announcement. In which somewhat to my—see, I didn't go up to talk about this, I went up to talk in one of my regular bi-weekly briefings about the Contra program, was asked about solicitation and was, in my view, caught in a bind. I was, I felt, without authority to discuss that solicitation with members of Congress without going to the Secretary. I suppose I should have either asked for postponement of the hearing, to talk to the Secretary or alternatively have said, wait, I can't talk about anything in this area. What I did instead, which was a great mistake, and for which I apologized on December 8, was to try to sort of talk around it and not mention the solicitation, which I obviously did not.

And after the hearing, I obviously knew I had not discussed the solicitation. That is why I went back first to Senator Bradley and others, I believe, to clarify that point and ultimately on December 8, apologize to the committee, because on reading the testimony—I didn't have a chance to read the testimony—on reading the testimony, it became clear to me that the mistake had not been—the larger mistake had not been the failure to acknowledge the solicitation, which as I say, I felt I was not authorized to do, but rather that the testimony taken as a whole I felt was misleading to the committee, which is why I said what I said, and really tried then and since to follow the advice that the now chairman of the committee, Mr. Boren, gave on that occasion about how to deal with questions like this with Congress.

Mr. **Belnick**. We are going to come to that, sir. You say you talked around the Brunei solicitation on November 25. Isn't it true, especially now that you have read the transcript, that you did more than talk around the solicitation, you went out of your way to deflect the questions from ever getting to the solicitation. Isn't that what your approach was?

Mr. **Abrams**. I think Senator Bradley said on the 8th, I think he correctly characterized it as fearing the question would be asked and trying to sort of get away from the question before it was asked, and making the situation even worse than it was.

Mr. **Belnick**. In fact, your approach on November 25, before the Senate Intelligence Committee was that unless the Senators asked you exactly the right question, using exactly the right words, they weren't going to get the right answer. Wasn't that the approach?

Mr. **Abrams**. That is exactly the correct description of what I did on that date, because I thought, feel still, that I lacked authority on that day to reveal that solicitation, and the method of refusing to reveal it, which, as I say, was to ask for the narrowly drawn, technically accurate question to be asked, was exactly what was wrong and was exactly what Mr. Boren, at the end of that hearing, said was so wrong.

Mr. **Belnick**. And, of course, you are not saying that you were authorized to deflect the questioning on November 25, just that you were not authorized to disclose Brunei, correct?

Mr. **Abrams**. Precisely.

Mr. **Belnick**. And as you have said, you could have and it would have been a very easy thing to have stopped the whole shooting match by simply saying, Senators, you are now getting into an area that I am not authorized to discuss?

Mr. **Abrams**. It would have been relatively easy. It would have been the right thing to do.

Mr. **Belnick**. And it is not what you did?

Mr. **Abrams**. That is correct.

Mr. **Belnick**. And so unless the Senators knew the facts in advance so that they could frame their question in exactly the right words, they wouldn't find out and they didn't find out. Isn't that what happened?

Mr. **Abrams**. Correct. That is exactly what happened.

Mr. **Belnick**. Now, sir, what would you have responded to the Senators on November 25 if they had asked you point blank, did you get money from Brunei?

Mr. **Abrams**. I would have said yes.

Mr. **Belnick**. Would you? If they had asked did you get money from Brunei, would you have said yes?

Mr. **Abrams**. Yes.

Mr. **Belnick**. Was it your position at that time, sir——

Mr. **Abrams**. I believe I told that to Senator Bradley on the 8th, that I made up my mind that if the specific and exact question were asked, I would answer it and then I would go back to the Secretary and told him what I had done.

Mr. **Belnick**. Sir, didn't you say in response to a question that Senator Bradley put to you on November 25, at page 18 of the transcript, when you were talking about fundraising activities, starting at line 10,

> I knew what was happening, I didn't know what Singlaub was raising or how or what he did with it when he got it. I was, until today, fairly confident that there was no foreign government contributing to this.

Now——

Mr. **Abrams**. This harks back to the testimony which we talked about before the last break. That is, there had been no money coming from any foreign government to the Contras and I wanted to make that point clear. Those who believed that the Contras were operating on foreign government money to that date were as far as I knew, wrong, and it was useful for me to let them know that that appeared to me to be just plain wrong.

Mr. **Belnick**. Well, was it your view, on November 25, that Brunei was not a foreign government contributing to the Contras?

Mr. ABRAMS. No, the meaning of that phrase was that, it says until today, meaning the revelation to Attorney General Meese.

Mr. BELNICK. By diversion?

Mr. ABRAMS. That is right. About Iran. That the Contras were not operating on foreign government money because they hadn't received any foreign government money.

Mr. BELNICK. In other words, the money from Brunei hadn't been received, therefore you could give this literally correct answer, despite the existence of the Brunei solicitation?

Mr. ABRAMS. Literally correct and perhaps misleading.

Mr. BELNICK. So that if the Senators had said to you at that time, "Did the Contras get money from Brunei"——

Mr. ABRAMS. I would have said no.

Mr. BELNICK. You would have said no.

So they had to ask you exactly the right question. They would have had the same difficulty perhaps that I did, trying to summarize with you what the situation was vis-a-vis Brunei on November 25, 1986, correct?

Mr. ABRAMS. Yes. That is, if you will, that is exactly the reason for the apology on December 8.

Mr. BELNICK. And speaking of that apology, Mr. Abrams, isn't it a fact—and we can review the transcript—but isn't it a fact that that was not an apology you volunteered, but an apology which Senator Boren urged and solicited you to make?

Mr. ABRAMS. Well, I would say both are true. It was an apology which I volunteered after doing something I had not previously done, namely, seeing that transcript.

Mr. BELNICK. You saw the transcript. Indeed, when you left the committee room on November 25, 1986, when you left that hearing, you were concerned about the impression that you may have left behind, weren't you?

Mr. ABRAMS. I would say I was not concerned about the impression; I was concerned about the fact that I knew that they were asking about solicitation and that I had not told them about the solicitation of Brunei. That is why I raised the issue and asked the Secretary for permission to disclose it.

In fact, let me say what—within hours of the Meese announcement, which as I recall was from 12 to 1, I did this testimony, then went back to the Department. You can imagine, there was a bit of an uproar. What I did then was to meet with Mr. Platt and Mr. Hill and look at essentially their notes, such notes as I had about all things related to Brunei.

We determined, after reviewing all of that, that the thing we needed to do first of all was go to a legal adviser. We did that. At the legal adviser's suggestion—well, he called in the FBI and said to me he wanted me to tell the FBI everything.

It was in those conversations the FBI agents said, where would this card be? I said it would be in Mr. Platt's safe, and that's how they got the account number.

I asked the Secretary in this period—I went to Mr. Platt and said, can I get authority to go back to the committee, and particularly Mr. Bradley—I guess the chairman and ranking member—and disclose this. And I believe the Secretary's answer on December 4, was—my request was made December 4—the Secretary's answer was, if you think you should, go ahead, and I then did.

Mr. BELNICK. You are not saying, though, that when you testified on November 25, that you were in a state of confusion?

Mr. ABRAMS. Well, I think we were all in somewhat of a state of confusion after that press conference, about what in hell had been going on in the U.S. Government.

Mr. BELNICK. And did that confuse you about what had been going on between you and Brunei?

Mr. ABRAMS. No, not at all.

Mr. BELNICK. You knew what you were about when you gave the testimony you gave on November 25, correct?

Mr. ABRAMS. I knew I was—I thought I was really not supposed to reveal this solicitation.

Mr. BELNICK. Did someone prepare your testimony with you for November 25?

Mr. ABRAMS. There was no prepared testimony.

Mr. BELNICK. And so although you thought you were not supposed to reveal the solicitation, you couldn't have thought that you were supposed to mislead the Senators about it?

Mr. ABRAMS. Obviously not.

Mr. BELNICK. All right, sir.

And after you read the transcript and decided that a false impression had been made——

Mr. ABRAMS. On December 8.

Mr. BELNICK. On December—well, you testified again on December 8?

Mr. ABRAMS. Right. The transcript was not previously available to me.

Mr. BELNICK. You spoke to the Secretary, you spoke to his assistants, and they suggested that you go back?

Mr. ABRAMS. No.

Mr. BELNICK. What happened?

Mr. ABRAMS. Let me—I spoke to the Secretary and his assistants beginning on December 4. I spoke to Mr. Hill and Mr. Platt right after the hearing. We talked to Judge Sofaer, we talked to the FBI—Judge Sofaer is the Department's legal advisor—we talked to the FBI. It was in this period, December 4, I think, I said to Mr. Platt, can I get—can I do this, will the Secretary authorize me to do this.

He did and—well, he said, do it if you think you should do it, it is your call. So I then did it.

This is all prior to December 8. That's the following week.

Mr. BELNICK. Are you quite confident that Under Secretary Armacost did not specifically suggest to you that you get back in touch with the Senators and correct that testimony?

Mr. ABRAMS. I don't recall discussing it with Armacost at all. I discussed it with Mr. Platt primarily, and it was Mr. Platt who approached the Secretary for me.

Mr. BELNICK. Are you telling us also that after you saw the transcript and shared what it contained with the Secretary and Messrs. Hill and Platt, all they did was say if you want to go back, go back?

Mr. ABRAMS. No, no. You got it wrong.

Mr. BELNICK. Make it clear.

Mr. **Abrams**. The testimony, transcript, was never made available to me until I went to testify on December 8. It is at that point they said here is the transcript. In the interim period, I didn't have access to a transcript. What I knew was I had failed to disclose the solicitation of Brunei.

When I said to Mr. Platt, "Can I go back and correct this?", what I was talking about was not lines such as the ones you have quoted which are even worse, I was talking about the one fact that I had failed to disclose the solicitation.

That is what I asked permission to do, to go back and tell the committee there had indeed been another solicitation and the word that came back was if you think you should do it, and so I did it.

Mr. **Belnick**. At that point, now that I have it clear from you, at that point you did not tell any of your superiors at the State Department that in addition to not disclosing that fact, you had deflected the questions and potentially left a misleading impression?

Mr. **Abrams**. I did not think I had left a misleading impression. I thought that, in fact, the question had not been asked and, in fact, the hearing transcript rather surprised me, it surprised me a lot. Immediately after the hearing—the Secretary of State was in Europe at that time—immediately after the hearing, I cabled him and called Mr. Hill with a full account of what had happened at the hearing and of the essence of the transcript of November 25 and of the committee's reaction to it. That cable exists and is available to you.

Mr. **Belnick**. Yes, sir. As I understand it, when you left the committee hearing room on November 25 your view was that you had successfully evaded answering the question you feared would be asked; correct?

Mr. **Abrams**. And that is what troubled me.

Mr. **Belnick**. Right. And when you read the transcript you decided that in addition to successfully evading it, you had created a false impression with the Senators; correct?

Mr. **Abrams**. I think that is a fair statement.

Mr. **Belnick**. Which you then testified to on December 8 after calling Senator Bradley and said you wanted to come back; right?

Mr. **Abrams**. No, that is not really the way it happened. I tried to reach Senator Bradley and didn't because he was out of town. He had no access to a secure phone.

I spoke to a member of his staff and some other staff members. It was hard to get anybody but staff members. This was, I think, a Friday, if I remember right. I did speak to a couple people on the secure phone on Friday. I don't think I asked for the hearing on December 8, my memory is the committee asked for the hearing on December 8.

I had accomplished what I believe I had wanted to accomplish by alerting the committee—see, as I say, I left the committee not concerned about what I had said in the testimony, but what I had not said.

I had not said there was a Brunei solicitation. I needed to go back to the committee and tell them there was a Brunei solicitation. I didn't know there had been anything else wrong until I read the transcript on December 8.

Mr. **Belnick**. Now, let me ask you, Secretary Abrams, how your approach to your testimony before the Senate Intelligence Committee on November 25, 1986, was in any way compatible with making Congress a powerful participant in the making of foreign policy?

Mr. **Abrams**. We believed, and I think you will perhaps have a chance to ask the Secretary, but I think this was his view, too, that this one solicitation of Brunei was a diplomatic activity for which the Government of Brunei had absolutely insisted on total and complete confidentiality, and we had promised it.

And we had undertaken the most elaborate efforts at the Department to make sure that this total confidentiality was maintaining.

We used the narrowest possible communications channels. In my bureau, this is the only thing that has happened in my bureau, but which no one else knew except me. We made a very strong effort, and I think it is fair to say it was our view this was not something that was legally reportable, of necessity to Congress, and it was the general decision not to report it in the interest of confidentiality.

Mr. **Belnick**. But, sir, there is a difference between confidentiality and giving misleading statements to the Congress, isn't there?

Mr. **Abrams**. That is why I went back, tried to go—beginning on December 4, asked for permission to go back. I agree with that.

Mr. **Belnick**. And my question then is: do you believe that the approach you took on November 25, in your sworn testimony to the Senate Intelligence Committee was compatible with keeping Congress a powerful participant in the making of foreign policy?

Mr. **Abrams**. A small technical point. It was not sworn testimony, but the answer to your question is, no, it was not compatible.

Mr. **Belnick**. Thank you for your testimony.

I have no further questions, Mr. Chairman.

Chairman **Inouye**. Mr. Nields.

Mr. **Nields**. Thank you, Mr. Chairman.

Mr. **Nields**. Mr. Abrams, sometime in early October 1986, Eugene Hasenfus' plane went down in Nicaragua and you learned of that.

Mr. **Abrams**. Correct.

Mr. **Nields**. And there was considerable speculation at that time on the question of whether there was some involvement by the U.S. Government.

Mr. **Abrams**. Well, there was speculation among the public. There was no speculation in government. We don't think it had been in any way connected with us.

Mr. **Nields**. There was speculation in the public?

Mr. **Abrams**. Yes.

Mr. **Nields**. And in the press. And, indeed, you were interviewed, were you not, by Evans and Novak for broadcast to the public.

Mr. **Abrams**. I was interviewed really probably 20 times on this.

Mr. **Nields**. And one of those was by Evans and Novak?

Mr. **Abrams**. I think so.

Mr. **Nields**. If you turn to exhibit 25—do you have that in front of you, sir?

Mr. **Abrams**. Yes, sir.

Mr. **Nields**. That is a transcript of an interview of you by Evans and Novak a few days after the shoot down; is that correct?

Mr. **Abrams**. Six days after, I guess, right.

Mr. Nields. And you are being interviewed as the spokesman for the U.S. Government?

Mr. Abrams. Oh, I guess so.

Mr. Nields. And you are asked—I would like you to turn to page 2 at the middle of the page. You are asked, "Mr. Secretary, can you give me categorical assurance that Hasenfus was not under the control, the guidance, the direction, or what have you, of anybody connected with the American Government?"

And you respond, "Absolutely. That would be illegal."

Is that correct?

Mr. Abrams. Correct.

Mr. Nields. And later on in the interview you were asked specifically about the National Security Council. I will ask you to turn two pages forward, the top of the page. Do you see the question from Mr. Novak? "Now, when you say categorical assurance, we're not playing word games that are so common in Washington. You're not talking about the NSC, or something else?"

"Mr. Abrams: I am not playing games."

Mr. Novak then asked, "National Security Council?"

And you answer, "No government agencies, none."

Is that correct?

Mr. Abrams. Uh-huh.

Mr. Nields. I take it you intended for your answers to be taken seriously.

Mr. Abrams. Yes.

Mr. Nields. You intended for the public who was listening to the broadcast to believe you.

Mr. Abrams. Of course.

Mr. Nields. In this country, our public can trust officials of our government to tell the truth.

Mr. Abrams. They can't be sure they don't make mistakes, but they can trust them to tell the truth. Should be able to.

Mr. Nields. And at that time, the public, if they believed statements from officials like you, believe that there was no government involvement in the Hasenfus accident.

Mr. Abrams. Well, the public believed what the Secretary of State believed and what I believed; that is right.

Mr. Nields. But, sir, you were in no position to make the categorical assurances that you did, were you?

Mr. Abrams. Well, I wouldn't agree with that.

Mr. Nields. Isn't it true that you were a member of the RIG?

Mr. Abrams. Of course.

Mr. Nields. Indeed, you were its principal member, its head?

Mr. Abrams. Well, I wouldn't say I was its principal member. I chaired it.

Mr. Nields. And isn't it true that everyone in the RIG knew that North was somehow involved in the private network to support the Contras?

Mr. Abrams. I think that is fair.

Mr. Nields. And you so testified, did you not, to the Tower Board?

Mr. Abrams. I think that is right.

Mr. **Nields**. And so, that means you knew that Mr. North was somehow involved with the private network to support the Contras?

Mr. **Abrams**. Sure.

Mr. **Nields**. And you were careful not to ask North too many questions about what he was doing with the Contras?

Mr. **Abrams**. Other than to ask him if he was doing anything illegal, which was a crucial point.

Mr. **Nields**. But you didn't ask him what he was doing.

Mr. **Abrams**. I thought I had a general idea of what he was doing.

Mr. **Nields**. But you were careful not to ask him too many questions on that subject.

Mr. **Abrams**. I think that is fair.

Mr. **Nields**. And that is what you also told the Tower Board?

Mr. **Abrams**. I think that is right.

Mr. **Nields**. So at a time when you knew, as a member of the RIG, that Oliver North was somehow involved with this private network, at a time when you had deliberately not asked him questions about it, you made categorical assurances to the people of this country that the U.S. Government and the National Security Council were in no way involved in the Hasenfus shoot down.

Mr. **Abrams**. I wouldn't—I think that is an inaccurate way of stating the facts, Mr. Nields. It is a biased way of stating the facts and a wrong way of stating the facts.

The facts are I thought I had a very good grasp of the situation. I had been doing it at that point. I had been assistant secretary at that point for about 15 months. I thought I knew that Colonel North was monitoring, and not more, the network.

He had told me he was not violating the law. He had told me he had never solicited a dime, as we stated before. At the inception of my role as Assistant Secretary, the National Security Adviser had gone rather further than that.

You were talking about an interview which occurs some days after I had been in contact with Colonel North and had never received any information that indicated that this statement needed to be changed. I had checked with the CIA, NSC, not just I but others, and I did not see any indications that would lead me to be less than categorical. That is why I was categorical.

Mr. **Nields**. Just once again—I think you have already testified that you and everyone on the RIG knew that North was somehow involved in the private network, that you deliberately decided not to ask him very many questions about it. And in answer to questioning by Mr. Belnick today, you said you specifically did not ask him those questions in connection with this interview.

Mr. **Abrams**. Let's be careful. I said that I did not. I did not say that I carefully failed to say to him on that date anything in particular. I said that I had a fairly good sense, I thought, of what his activities were and that they did not constitute managing, and so forth, this network, or networks, whatever it was.

Mr. **Nields**. I think you have in front of you an exhibit 45. I would like you to turn to that now. Can you identify that as a State Department document?

Mr. **Abrams**. So it appears.

Mr. Nields. It says "ARA Press Guidance."

Mr. Abrams. Yes.

Mr. Nields. And ARA refers to the Bureau of Inter-American Affairs.

Mr. Abrams. Correct.

Mr. Nields. Which you were the head of?

Mr. Abrams. And still am.

Mr. Nields. I would like you to turn to the 7th page of that document, it's headed ARA Press Guidance,

Mr. Abrams. Uh-huh.

Mr. Nields. Do you have that in front of you?

Mr. Abrams. Uh-huh.

Mr. Nields. I take it this is a document which provides guidance for statements to the press by people in ARA?

Mr. Abrams. No, sir. Provides press guidance for—essentially for the use of the Public Affairs Bureau; people in the ARA are supposed to know what they are talking about. It is really by the ARA Bureau for the Public Affairs Bureau.

Mr. Nields. Public Affairs Bureau of the State Department?

Mr. Abrams. Right.

Mr. Nields. For statements made to the public?

Mr. Abrams. Well, to the press, and to the public via the press. It is really used for the noon briefing.

Mr. Nields. There is a proposed question and answer at the top of that page. Do you see that?

Mr. Abrams. Uh-huh.

Mr. Nields. The question is, is the U.S. Government involved in supplying arms to the Contras from bases in El Salvador or elsewhere?

Mr. Abrams. Uh-huh.

Mr. Nields. And then there is an answer; do you see that?

Mr. Abrams. Uh-huh.

Mr. Nields. The answer is, "The U.S. Government is not and has not been organizing, directing, supervising or financing in any way any program to provide arms to the Nicaraguan Democratic Resistance since our involvement in such activities was prohibited by Congress."

Do you see that?

Mr. Abrams. Yep.

Mr. Nields. And then there is a marginal note to the left of that statement; do you see the date on that marginal note?

Mr. Abrams. Uh-huh.

Mr. Nields. What is the date?

Mr. Abrams. The 15th.

Mr. Nields. The 15th of October, is that correct?

Mr. Abrams. Uh-huh.

Mr. Nields. The marginal note says, "P.H. says kill"——

Mr. Abrams. P.A., probably.

Mr. Nields. You know somebody named Paul Handley?

Mr. Abrams. No, sir. It looks to me like P.A., and I would assume it is the Public Affairs Bureau of the Department. That is what we refer to it as P.A.

Mr. Nields. Says, "Kill this language."

Mr. Abrams. Uh-huh.

Mr. **Nields.** Now, why would somebody on the 15th say "kill this language"?

Mr. **Abrams.** I've never seen this before. I assume that it's, you know, looking at it, I assume it's just caution on the part of the Public Affairs Bureau. We had been using that language before. I used it at least until—not at least, until the evening of the 23d of October, or similar language.

Mr. **Nields.** A caution to which you did not adhere?

Mr. **Abrams.** I never saw it. I've never seen this document—I may have approved the document in draft; I've never seen it with this note on it.

Mr. **Nields.** No one ever showed that to you?

Mr. **Abrams.** That's correct.

Mr. **Nields.** They just let you keep on making categorical assurances to the American people without bringing to your attention that somebody thought the language ought to be killed?

Mr. **Abrams.** I have never heard of a man named Paul Handley, to my knowledge, to my memory. It is not a name that rings a bell.

Mr. **Nields.** Works in the White House for Mr. Speakes?

Mr. **Abrams.** Could well be. I'll take your word for it. It is not a familiar name to me.

And, as I said, I talked to Mr. Speakes at one point, and I presume my telephone log might reveal when that was, to say, here is what I'm saying, "Does the White House have any objection to this?" And he said, "No."

Now, I don't—it could have been before then. I just don't recall.

Mr. **Nields.** Did anyone speak up from the U.S. Government at approximately this time to correct what you were saying?

Mr. **Abrams.** I do not recall anybody doing that.

Mr. **Nields.** The National Security Adviser didn't?

Mr. **Abrams.** Mr. Poindexter? Not to my knowledge.

Mr. **Nields.** Mr. North didn't?

Mr. **Abrams.** Well, you can go through the list. I don't recall it, no.

Mr. **Nields.** And the White House didn't?

Mr. **Abrams.** That is not my memory of it. My memory is that from the 5th until the 23d there was no information that indicated that this was not correct. On the 23d, there was.

Mr. **Nields.** Now, in addition to the statements that you made to the public and to the press, you made similar categorical assurances to Congress. Isn't that true?

Mr. **Abrams.** That's correct. Publicly and privately. That is to say, in open hearings and closed hearings.

Mr. **Nields.** I would like you to turn to exhibit no. 28, the second page. Do you have that in front of you?

Mr. **Abrams.** I think so.

Mr. **Nields.** Those are excerpts from testimony before the House Intelligence Committee on the 14th day of October, 1986.

And my question is, were you not asked the following question and did you not give the following answer? Question, by the Chairman: "Just to be clear, the U.S. Government has not done anything to facilitate the activities of these private groups; is that a fair statement? We have not furnished any money. We have not furnished any arms. We have not furnished any advice. We have not furnished logistics."

And then there is an answer by someone else. "Mr. Chairman, I cannot speak for the entire U.S. Government."

And then there is a question: "Can you, Mr. Abrams?"

And you answer: "Yes."

You were then answering for the entire U.S. Government, is that correct?

Mr. Abrams. You might back up a little bit and note who the someone else is, Mr. Nields. Someone else is the Deputy Director for Operations of the Central Intelligence Agency, who has previously testified in these—had previously testified with us in the Senate Foreign Relations Committee, with me precisely that, that as far as—not as far as he was aware, he flatly testified there was no agency involvement in this, but did not wish to speak for anything broader than that.

I said, "Yes, to the extent of my knowledge I feel to be complete, other than the general public encouragement that we like this kind of activity."

Mr. Nields. So you undertook to speak for the entire U.S. Government and deny any kind of support for the private benefactors for the Contras?

Mr. Abrams. They obviously wanted somebody to not just sort of narrowly speak for the agency, but speak for the administration, which is what I thought I was there to do.

Mr. Nields. At about this same period of time, you were asked, were you not, by three separate committees of Congress, about your knowledge on the subject of third country funding?

Mr. Abrams. I don't know. I certainly remember the Senate Intelligence Committee, that we have been—which we have discussed.

Mr. Nields. We will go through them one at a time.

There is the Senate Intelligence Committee. I think you were asked earlier today about testimony you gave to the Senate Foreign Relations Committee on the 10th of October. And then you were also asked about the third country funding by the House Intelligence Committee on the 14th day of October. Isn't that true?

Mr. Abrams. Well, I'll take your word for it.

Mr. Nields. We'll go through them one at a time.

I take it you can answer this question: In response to the questions of all of those committees, you never disclosed the solicitation and the promised contribution from Brunei?

Mr. Abrams. Well, that's correct. As I said, I felt that I did not have authority to do that. I felt I was not supposed to do that.

Mr. Nields. We will return to that. Before we do, I would like to go through the different items of testimony with you. I would like you to turn first to exhibit no. 28.

Before we go to exhibit 28, I'd like to again just establish the facts. There was a statute enacted by Congress authorizing the State Department to solicit money for humanitarian aid for the Contras from third countries; is that correct?

Mr. Abrams. Uh-huh.

Mr. Nields. You were involved in selecting which countries money should be solicited from?

Mr. ABRAMS. Uh-huh. Which country.

Mr. NIELDS. And you decided on Brunei?

Mr. ABRAMS. Well, I didn't decide on it. I was the one who suggested it to the Secretary. He decided on it.

Mr. NIELDS. And it was agreed to?

Mr. ABRAMS. That's right.

Mr. NIELDS. You suggested it. It was agreed to. And you then personally did the solicitation?

Mr. ABRAMS. You will excuse me if I say that I suggested it to the Secretary. He approved it. We then, working with the U.S. Embassy in Brunei, worked out what solicitation would be made and how. And then on, I think, the 5th of August, the decision was made that I would, in fact, do the solicitation.

Mr. NIELDS. And you did it?

Mr. ABRAMS. Correct.

Mr. NIELDS. And the money was promised?

Mr. ABRAMS. In mid-August, late August, yes.

Mr. NIELDS. Not only was the money promised, but you were told it was coming?

Mr. ABRAMS. That's correct.

Mr. NIELDS. Indeed, there came a time when it was missing? You thought perhaps there had been an embezzlement of some kind?

Mr. ABRAMS. Something had clearly gone wrong. Either—we didn't know what had gone wrong.

Mr. NIELDS. You didn't know where the money was?

Mr. ABRAMS. It occurred to us they were never going to send the money, they had changed their minds.

Mr. NIELDS. Or it had come and was lost somewhere?

Mr. ABRAMS. That also occurred to us. Any theory was possible. That one, we just didn't know.

Mr. NIELDS. Now, were you not asked the following question before the House Intelligence Committee on October 14, exhibit 28. I think you have it open in front of you, it is the first page of the exhibit, "Mr. Chairman: Do you know if any foreign government is helping to support the Contras? There is a report in the"—and there are some blanked out words involving another country.

And again, "Mr. George: No, sir, we have no intelligence of that."

And then you say, do you not, "I can only speak on that question for the last 15 months when I have been in this job, and that story about"—the other country—"to my knowledge, is false. I personally cannot tell you about pre-1985, but in 1985-1986, when I have been around, no."

And then you are asked by the chairman the following question: "Is it also false with respect to other governments, as well?"

And your response is, "Yes, it is also false."

Is that true?

Mr. ABRAMS. This is the same testimony, as you know, that I gave several times, that is, everybody thought the Contras were living on foreign government money.

I was certain—I was wrong, as it has turned out with respect to the Saudis, for example—I was certain that they were not living on foreign government money, and I thought that it was significant to say that is wrong, I think I know what is going on here, they are not living on foreign government money, they have not received a dime of foreign government money.

Mr. NIELDS. My first question is: Were you asked the questions I just read and did you give the answers?

Mr. ABRAMS. Yes.

Mr. NIELDS. And the question is: Do you know if any foreign government is helping to supply the Contras?

That is the question, isn't it? The question isn't: Have the Contras been living on foreign government money for the last 15 months. The question is: Do you know if any foreign government is helping to supply the Contras?

Is that the question?

Mr. ABRAMS. That's the question.

Mr. NIELDS. And you say that the answer is no, and that that applies to any foreign government; is that correct?

Mr. ABRAMS. Uh-huh.

Mr. NIELDS. And at that very moment in time, so far as you knew, the $10 million might have been in that bank account in Switzerland?

Mr. ABRAMS. No. I was checking regularly and, as far as I knew, no foreign government had given the Contras this $10 million or any other.

Mr. NIELDS. When did you check—when did you check the question of whether the money was in the Swiss bank account most recently before your appearance on the 14th?

Mr. ABRAMS. It is difficult to tell. There were lots of contacts with Colonel North—some by secure phone, some at a RIG meeting. But I was checking quite frequently.

As you get into October—this started in August, the 8th—we were getting quite worried what was going on here.

Mr. NIELDS. And you were told the money was coming; isn't that true?

Mr. ABRAMS. We were told that, I guess, in September or something like that. And it was—where was it?

Mr. NIELDS. You were never told it wasn't coming, were you?

Mr. ABRAMS. That's correct.

Mr. NIELDS. So as you testified there that day, that money could very well have been deposited into the Swiss bank account already?

Mr. ABRAMS. I thought—I was pretty confident that—I was pretty confident that that was not the case.

Mr. NIELDS. In any event——

Mr. ABRAMS. As I said, we didn't know what had happened.

Mr. NIELDS. In any event, in response to the question, do you know if any foreign government is helping to supply the Contras? You did not breathe a word about the fact that Brunei had agreed to help the Contras, had agreed to give $10 million to the Contras, and had promised that the money was on its way?

Mr. ABRAMS. As I have stated several times, I did not believe I was authorized to do that. To reveal that solicitation.

Mr. NIELDS. Was there anything that would have prevented you from disclosing to the Congress that the State Department was doing precisely what Congress had authorized it to do in a public statute, which was solicit foreign governments without naming the Government?

Mr. **Abrams**. The desire for confidentiality in the entire effort. It was really—it really is inconceivable, Mr. Nields, that you would say yes, we made a solicitation and everybody in Congress and everybody in the press and everybody in the public would then say great, don't tell us, don't want to know which country it is.

This was in the interest of the flat, absolute promise of confidentiality we had given that government. And I believe the cable traffic with that government speaks to that.

Mr. **Nields**. I would like you to turn to exhibit no. 20. Do you have that in front of you?

Mr. **Abrams**. Uh huh.

Mr. **Nields**. That is testimony before the Senate Foreign Relations Committee, October 10, 1986. You have been asked this question before. I am going to ask it to you again. You were asked by Senator Kerry. "Are you aware any of you, of any deal by which as part of the AWACS transaction or subsequent to the AWACS transaction, some country which has been blanked out, is supplying weapons or assistance to the Contras on our behalf?

And you responded, "no."

Then you say, "I think I can say that while I have been Assistant Secretary, which is about 15 months, we have not received a dime from a foreign government, not a dime from any foreign government."

"Question. We, being who?"

"Answer. The United States"

"Question. How about the Contras?" And then you say, "I don't know."

Technically that was true, you didn't know whether the Contras had gotten any money?

Mr. **Abrams**. No, not really. I thought I knew they had not received this $10 million.

Again, look at the predicate for this. The question was, was there an AWACS transaction. Was there Saudi support, and the point that I was trying to make was not only was there not Saudi support, I think I know about this. There has not been foreign government support. They are not living on foreign government money.

Mr. **Nields**. And you say they have not received a dime from any foreign government?

Mr. **Abrams**. Uh huh. That was my belief.

Mr. **Nields**. And then when asked about the Contras, you say you don't know. Is that correct?

Mr. **Abrams**. Yes.

Mr. **Nields**. But you reason with the committee in the rest of your answer, don't you?

Mr. **Abrams**. I am not sure I understand the meaning of that comment.

Mr. **Nields**. Well, you say—your answer is I don't know, but not that I am aware of and not through us. OK. Then you continue and my question is: In the continued portion of your answer, are you not reasoning with the committee?

Mr. **Abrams**. I am not reasoning. I think what I am saying is sure, it is conceivable that a foreign government would contribute directly to the Contras, but the likelihood is that in view of the fact, as I said, I think this morning, this would be viewed as an action which would certainly please the U.S. Government, it would be much more logical that we would find out about it or know about it.

Mr. NIELDS. And indeed you indicate that you believe that they—the foreign country, if solicited by the Contras, would come to you and—to say, to ask you what you want them to do?

Mr. ABRAMS. Uh-huh.

Mr. NIELDS. In other words, you are saying that you think the foreign country would come to you even before they actually make the contribution?

Mr. ABRAMS. Well, look at what happened in the case of Singlaub. He, as far as I was aware, and I think it is still true, he felt, as I recall his testimony, he had failed to get a contribution because he couldn't say anything about the U.S. Government attitude or the U.S. Government didn't say anything. He believed that if I or another similar U.S. Government official were to say yes, this is in line with the U.S. policy, then they would give, and I wouldn't do that, and they didn't give. So it seems to me that is the kind of thing that is being referred to here.

Mr. NIELDS. Yes. You are talking about the fact that you think even before a contribution is given by a foreign country at the request of the Contras, you would find out about it?

Mr. ABRAMS. Well, I don't think I have that particularly in mind, that if I would find out about it beforehand, but I would find out about it is the point. I did not think there would be much in the way of anonymous contributions by foreign governments. That was my point.

Mr. NIELDS. But my point, Mr. Abrams, is aren't you telling the committee about a situation in which the foreign government would come to you before they decide to make the contribution?

Mr. ABRAMS. I think at this point that is one—yes. Yes.

Mr. NIELDS. And indeed you had a situation just like that in which you had a discussion with the foreign government before they made the contribution and that was Brunei?

Mr. ABRAMS. Well, you could say we had three, if you will. Because there was the Singlaub belief that he could contact two governments which was in September. No. Which was in the previous fall—spring. May.

Mr. NIELDS. And you don't mention any of them?

Mr. ABRAMS. Well, I certainly didn't mention it in the connection with General Singlaub because that had not happened.

As I said, I didn't think I was authorized to mention this particular one, nor had any money come in. The reason for mentioning was that no money had come in. It was that no money had come in, A; and, B, I believed the promise of confidentiality was inconsistent with and I was not supposed to mention it.

Mr. NIELDS. But you are telling the Congress in this answer that if there had been a solicitation, you would know about it?

Mr. ABRAMS. No, I don't think so. I think I am saying if there had been a contribution, I would know about it.

Mr. NIELDS. A moment ago you said that you agreed that that answer addressed a situation before the contribution was made.

Mr. Abrams. Look, if there's a solicitation and nothing further goes—by the Contras, and nothing happens, then perhaps we would not know about it. If you look at the logic of this, it is there is a solicitation by a government which would give if only the U.S. Government will endorse this effort, then we sure would find out about it.

Mr. Nields. So you are talking about a situation in which a solicitation had been made and the contribution had not yet been made?

Mr. Abrams. No. No. I am talking about a situation in general here, trying to explain why it is I think I'd be aware of a contribution and there would be no—probably no anonymous contributions.

Mr. Nields. What you are explaining is you would be aware of the contribution because before the contribution was actually made, the foreign country would ask the United States whether we wanted them to make it?

Mr. Abrams. Which is not at all what happened in the case of Brunei, as you know.

Mr. Nields. What's the answer to my question?

Mr. Abrams. If this were—in the case of a solicitation by the Contras, yes.

Mr. Nields. So you are talking about——

Mr. Abrams. I don't know the Contras ever solicited any foreign governments for contributions.

Mr. Nields. So you are telling the committee that if there had been a solicitation by the Contras, you would know about it even before a contribution had been made?

Mr. Abrams. I think that's—I think that's right.

Mr. Nields. But you're not telling the committee about the solicitation that you made?

Mr. Abrams. That's right. As I said, I believed I was not authorized to do so.

Mr. Nields. I'd like you to turn, if you would, to exhibit 30. This is your testimony before the Senate Intelligence Committee. I'd like you to turn to page 14 of the exhibit.

My question is, were you asked the following question and did you give the following answer? Question, by Senator Bradley: "So let me ask it again. Did either one of you ever discuss the problems of fundraising by the Contras with members of the NSC staff?"

And your answer is, "No, I can't remember."

Were you asked that question and did you give that answer?

Mr. Abrams. Uh-huh.

Mr. Nields. Now, in fact, you had had a discussion with Oliver North about the Brunei solicitation?

Mr. Abrams. That's right.

Mr. Nields. So this answer is wrong?

Mr. Abrams. No. The answer is not wrong. The solicitation of Brunei was made by an Assistant Secretary of State, not by the Contras.

Mr. Nields. So you can answer this question no because Senator Bradley asked about solicitations by the Contras, and the Brunei solicitation was a solicitation by the U.S. Government?

Mr. Abrams. Well, if you want to take it literally, that is correct. And, as I have previously said, if you want to take it literally, you have a misleading impression left with the committee. That's why I apologized.

Mr. Nields. Let's go on to the next question and answer.

Senator Bradley asked you the following question, does he not: "Well, you would say, gee, they got a lot of problems. They don't have any money. Then you would just sit there and say, what are we going to do? They don't have any money. You never said, you know, maybe we could get the money this way."

I take it "this way" means from a third country?

Mr. Abrams. I'm not sure what Senator Bradley meant by that. He may have meant—I don't know what he meant.

Mr. Nields. In any event, you answered the question, "No."

Mr. Abrams. Uh-huh.

Mr. Nields. In fact, you had had a conversation with Oliver North about getting the money from a third country, had you not?

Mr. Abrams. The decision to get the money from the third country was not a decision of Colonel North's nor was he consulted in the decisionmaking process. That was a decision made by the Secretary of State, following which I consulted him about kind of account we might be able to set up.

Mr. Nields. You did have a discussion with him, then, about the Brunei money?

Mr. Abrams. Uh-huh.

Mr. Nields. I'd like you to turn to page 18 of this exhibit. Do you have that in front of you?

Mr. Abrams. Uh-huh.

Mr. Nields. Were you asked the following——

Chairman Inouye. Mr. Nields, before proceeding, I would like to announce there is a vote in progress in the Senate.

Please proceed.

Mr. Nields. Were you asked the following question, and did you give the following answer?

Question by Senator Bradley: "Were you completely ignorant of all fundraising activities by the Contras?"

Answer by you: "No. Certainly not in the—I knew for—I mean, I don't think I knew anything that wasn't—I am trying to think if I knew anything that wasn't in the newspaper. That is, I knew, certainly, that Singlaub was raising money for the Contras. I knew that others were raising money for the Contras. I mean, using the Contras in a very general sense. For example, Friends of the Americas raises money for medical relief and things like that. I knew that was happening. I didn't know what Singlaub was raising or how or what he did with it when he got it."

So far, you have mentioned fundraising activities on behalf of the Contras by other people, but you have not mentioned fundraising activities by you; is that correct?

Mr. Abrams. Uh-huh.

Mr. Nields. And then you continue with your answer, "I was, until today, fairly confident that there was no foreign government contributing to this. But I knew nothing, still don't know anything about the mechanisms by which money was transferred from private groups that have been raising it, to the Contras."

Now, in fact, you did know something about the mechanism, did you not?

Mr. **Abrams**. From private groups? I don't consider the solicitation of Brunei by an Assistant Secretary of State as anything to do with a private group.

Mr. **Nields**. Well, you knew that North had given you the number of a Swiss bank account.

Mr. **Abrams**. I did.

Mr. **Nields**. To have the money put in it?

Mr. **Abrams**. Uh-huh.

Mr. **Nields**. Now——

Mr. **Abrams**. That's not—solicitation of Brunei had nothing to do with private groups. It is the solicitation by the Government of the United States.

Mr. **Nields**. I take it, Mr. Abrams, that it is true, once again, that it was perfectly lawful for the U.S. Government to solicit money——

Mr. **Abrams**. Before you go on, I would just say, as I have said before, I considered this testimony to have been a great mistake, maybe the worst single day I had in 6 years as Assistant Secretary.

That is precisely why I went back to the committee, to tell them about the solicitation and then apologize to the committee.

Mr. **Nields**. And I take it it would have caused you no embarrassment, Mr. Abrams, had you told them that you were complying with the law and soliciting contributions from foreign governments?

Mr. **Abrams**. It is worth noting in answer to that that this was entirely legal and had been approved by the Secretary and was known completely to every—to the Secretary, as was the question of accounts, which I had discussed with Mr. Hill.

This was not something I held privately. The reason for the confidentiality was not the Department. The reason for not telling was the desire to maintain the confidentiality for the Government of Brunei.

The Secretary knew all about this. This is not something I was hiding from the Department. This was done by the Department via diplomatic channels.

Mr. **Nields**. Pursuant to law; is that correct?

Mr. **Abrams**. Pursuant to law.

Mr. **Nields**. Pursuant to law enacted by Congress?

Mr. **Abrams**. Correct.

Mr. **Nields**. Expressly.

Mr. **Abrams**. All laws are enacted by Congress.

Mr. **Nields**. So long as the money was used for humanitarian purposes?

Mr. **Abrams**. Correct.

Mr. **Nields**. It was totally legal; isn't that true?

Mr. **Abrams**. Yes. You could make a finely reasoned lawyer's argument that it was the solicitation that had to be for humanitarian purposes rather than the expenditure, but I did not believe that. I did not take that view.

Mr. **Nields**. But the disclosure on the 25th of November, 1986, of the Brunei solicitation would have caused you a problem, would it not?

Mr. **Abrams**. Wouldn't have caused me a problem, except in one sense.

We had promised the Government of Brunei confidentiality. The Secretary knew all about this. It wouldn't have surprised him. The Department—Assistant Secretary Sigur, Mr. Platt, Mr. Hill, the Ambassador to Brunei, all knew about this. We promised confidentiality to the Government of Brunei.

Mr. NIELDS. It would have caused you another problem, would it not, Mr. Abrams?

Mr. ABRAMS. I don't see what that other problem would be.

Mr. NIELDS. Well, if you had disclosed that there had been a solicitation even without naming the country and a promised contribution, there would have been further questions by Congress, would there not?

Mr. ABRAMS. Oh, I suppose there would have been. But that was all right. This was all legal.

Mr. NIELDS. And it would have led them to Mr. North's secret numbered Swiss bank account, would it not?

Mr. ABRAMS. No. I led them to Mr. North's secret numbered Swiss bank account, sir. I was the person who gave that bank account to the FBI. It was I who disclosed this all to the FBI.

Mr. NIELDS. You did not disclose it to the Congress during October or November 1986, when you were first asked about foreign country contributions, did you?

Mr. ABRAMS. As we have said here 44 times, I did not disclose it on the 25th of November. I disclosed it, I guess, the 5th of December, if I remember right.

Mr. NIELDS. And if you——

Mr. ABRAMS. After receiving the Secretary's permission to do so if I thought I should, and after having informed the FBI.

Mr. NIELDS. And if you had disclosed the Brunei contribution, even without naming the country, during one of your earlier appearances, it would inevitably have led to the disclosure of North's secret Swiss bank account; wouldn't it?

Mr. ABRAMS. Gee, I don't know. I suppose so.

Mr. NIELDS. They would have asked where the money was supposed to go?

Mr. ABRAMS. I suppose so. But, as I said, that was known. That was known. I discussed that with Mr. Hill. The point was we promised confidentiality to Brunei.

Mr. NIELDS. And you knew, did you not, as you have already said, that North knew a lot about the private network?

Mr. ABRAMS. Certainly knew more than I did or the CIA did.

Mr. NIELDS. And this secret Swiss bank account was the Lake Resources' bank account; wasn't it?

Mr. ABRAMS. Well, I am not sure of that. I think that is right. I have never actually compared the account numbers personally.

Mr. NIELDS. And you knew that North was involved with the private network?

Mr. ABRAMS. I wouldn't say I knew he was involved—well, depends on how you define "involved". I knew he knew about it. I knew he was monitoring it, that he knew more about it than I did or anybody else did apparently.

Mr. NIELDS. And you testified he was connected to it?

Mr. ABRAMS. He had to be to know in the sense that he was monitoring it, he knew who the people were. Seemed to know.

Mr. **Nields**. And there were plenty of rumors he was involved in fundraising?

Mr. **Abrams**. Absolutely, and flatly denied by Colonel North to me, as they had been a long time before denied by Mr. McFarlane.

Mr. **Nields**. And Mr. North comes up with a numbered Swiss bank account for you to put the Brunei money in?

Mr. **Abrams**. Uh-huh.

Mr. **Nields**. And North had been described to you and viewed by you as a loose cannon?

Mr. **Abrams**. Absolutely wrong. I said to you earlier—I said to Mr. Belnick earlier today he had been so viewed by others. I said not so very long ago that Colonel North did not behave in that fashion to me. I will give you the example once again of what happened in September.

He did not call Ambassador Tambs. He called me. He went through channels.

I did not view him as somebody who—I understood that there were many people, including the Secretary, who viewed him as a loose cannon in his behavior with respect to the Department of State. In my period, he did not behave as a loose cannon. I did not agree with that.

Mr. **Nields**. And you were asked to monitor him?

Mr. **Abrams**. Uh-huh.

Mr. **Nields**. And it didn't take a genius to figure out that that Swiss bank account might very well lead to the source of funding for the private network that was dropping arms in Nicaragua?

Mr. **Abrams**. Not if it was a separate and new account which is what I thought, sir.

Mr. **Nields**. Now, you thought——

Mr. **Abrams**. As I have previously stated.

Mr. **Nields**. I take it what you are saying is you thought it was a new account set up for the Contras?

Mr. **Abrams**. By the Contras. It was a Contra account.

Mr. **Nields**. It was a Contra account. And indeed, you had solicited the contribution for the Contras?

Mr. **Abrams**. For and to, yes.

Mr. **Nields**. And to the Contras? It was your understanding that Brunei was giving the money to the Contras?

Mr. **Abrams**. Yes. We didn't want it to go through the U.S. Government.

Mr. **Nields**. Not through the U.S. Government.

So you solicited a $10 million contribution from the Government of Brunei that was to be given to the Contras and they promised to give it and then they told you it was on its way?

Mr. **Abrams**. And then they didn't give it.

Mr. **Nields**. My question to you is, did you ever tell the Contras?

Mr. **Abrams**. As I have testified, I think as long ago as the Tower Commission, it was sorely tempting because they would come and they would say we are in debt, we cannot buy food. I really wanted to say I am going to take care of you. I am—I have something cooking which is going to solve this problem, but I didn't and, of course, as time wore on it was less and less tempting because it was clear something was wrong.

Mr. **Nields**. The answer to my question, I take it, is you never told the Contras?

Mr. **Abrams**. Oh, no, Jesus—as I testified to the Tower Commission, this is something which we did not, I did not testify to the Congress of the United States in closed session. Do you think I would just idly have chattered about it to Nicaraguan resistance leaders?

No, sir.

Mr. **Nields**. You were sorely tempted to tell the Contras about——

Mr. **Abrams**. To cheer them up—you betcha.

Mr. **Nields**. But you never told them?

Mr. **Abrams**. Never did. Correct.

Mr. **Nields**. And there came a time when the money was missing?

Mr. **Abrams**. Well, we thought of it more or less as missing by I guess the end of October, I guess.

Mr. **Nields**. You thought it might even have been embezzled or something?

Mr. **Abrams**. By around the end of October. I couldn't figure out what had happened and the idea it had been stolen is something that did occur to me.

Mr. **Nields**. And it was supposed to go into a Contra bank account?

Mr. **Abrams**. Correct.

Mr. **Nields**. UNO's bank account?

Mr. **Abrams**. I think that is a fair way to put it.

Mr. **Nields**. And you never even asked UNO whether they got the money, isn't that true?

Mr. **Abrams**. I asked Colonel North.

Mr. **Nields**. Did you ever ask UNO?

Mr. **Abrams**. I did not. I did not know who to ask.

Mr. **Nields**. There is $10 million of missing money that you say was supposed to go into a bank account owned by the Contras and you never asked them if they got the money?

Mr. **Abrams**. I repeatedly asked Colonel North, whom I trusted implicitly.

Mr. **Nields**. The only person you asked was Colonel North?

Mr. **Abrams**. And the Government of Brunei.

Mr. **Nields**. Because it was Colonel North's Swiss bank account. You knew that, didn't you sir?

Mr. **Abrams**. You can state that 45 times, it wouldn't be any truer than it was the first time, which is not at all. It is false. I knew about that account what I knew about the account which had been established by UNO with the assistance of the Task Force Chief. That is, that it was an account that I thought to be an account of the United Nicaraguan Opposition. I did not ask the Task Force Chief for the name of the individual to whom he had passed the message to open that account. I did not ask him that. Nor did I ask a similar question of Colonel North. And when the time came to find out what happened to the money, I asked Colonel North and we asked the Government of Brunei.

Mr. **Nields**. Did you ever——

Mr. ABRAMS. And ultimately asked the Government of Brunei to be in touch with the recipient bank.

Mr. NIELDS. Did you ever apologize to the House Intelligence Committee for the answers that you gave it on the subject of this solicitation?

Mr. ABRAMS. No, sir.

Mr. NIELDS. Mr. Chairman, I have no further questions.

Chairman HAMILTON. Mr. Leon.

Mr. LEON. It has been a long day, Mr. Abrams, and I will try to be brief. I hope you will forgive me if I move off this topic, which you have been answering questions on now for it seems like the last hour and a half.

Mr. ABRAMS. I will forgive you.

Mr. LEON. And move to another area. But I promise I will return to it at the end.

Let me start off with some basic questions that might help put things in context, and add a little perspective to those people out there watching this or those people who might read about it who don't know a lot about the State Department and about its relationship to the NSC. Now, at the State Department, you are one of five Regional Assistant Secretaries?

Mr. ABRAMS. That is correct.

Mr. LEON. And does that amount, in essence, to the world or the globe being divided up into five geographical areas?

Mr. ABRAMS. That is exactly right.

Mr. LEON. And the area of the world that you are in charge of is the Inter-American area, isn't it?

Mr. ABRAMS. Correct.

Mr. LEON. And of course, this committee has heard testimony from Gaston Sigur, has it not?

Mr. ABRAMS. Yes.

Mr. LEON. He is in charge of what is known as the Far Eastern area, isn't he?

Mr. ABRAMS. The name just changed. East Asia and the Pacific.

Mr. LEON. You testified today about a Mr. Murphy, was it?

Mr. ABRAMS. Yes.

Mr. LEON. He is in charge of what area?

Mr. ABRAMS. Near East and South Asian Affairs.

Mr. LEON. There is only five of you in the whole State Department, isn't that right?

Mr. ABRAMS. Yes.

Mr. LEON. You are responsible for all matters that go on in that global area of the world are you not?

Mr. ABRAMS. That is right.

Mr. LEON. And with respect to that responsibility that you have, how many countries are you overseeing in that area?

Mr. ABRAMS. We have got, I think 32. I tried to count this last week. Thirty-two off the top of my head plus about ten entities associated with European countries.

Mr. LEON. They all have Ambassadors?

Mr. ABRAMS. Yes. We have about 30 Ambassadors in the region.

Mr. LEON. And they all have support staff and personnel?

Mr. **Abrams**. Some of the smaller islands in the Caribbean do not have a resident Ambassador. In the case of a country like Mexico, we have a mammoth Embassy.

Mr. **Leon**. You are appointed by the President and confirmed by the United States Senate, is that right?

Mr. **Abrams**. That is correct.

Mr. **Leon**. And you are supposed to oversee the department that you are in charge of at the State Department, right?

Mr. **Abrams**. Right.

Mr. **Leon**. How many employees are there under your control?

Mr. **Abrams**. In the Bureau proper there are about 200.

Mr. **Leon**. And do you have—does that include a secretarial staff, et cetera?

Mr. **Abrams**. Yes.

Mr. **Leon**. And you have a number of deputies, don't you?

Mr. **Abrams**. Five.

Mr. **Leon**. And you regularly attend meetings, do you not?

Mr. **Abrams**. Yes.

Mr. **Leon**. And RIG meetings, the RIG that you have testified to is one of any number of RIGs you attend, is it not?

Mr. **Abrams**. It's the only—it is the coordinating body for the Inter-American Region. It is one of God knows how many thousands of meetings that we regularly attend.

Mr. **Leon**. Do you have regular meetings with Ambassadors, heads of states, the Secretary of State?

Mr. **Abrams**. Regular meetings with the Secretary. Whenever any of our 30-odd Ambassadors are in town, he or she would come to see me. Any foreign ministers in town from the region, yes.

Mr. **Leon**. Just by way of comparison, Mr. North, Mr. North works over at the NSC, does he not? Worked I should say.

Mr. **Abrams**. Yes.

Mr. **Leon**. He isn't confirmed by the U.S. Senate, is he?

Mr. **Abrams**. That is right. I think he is appointed by the National Security Adviser.

Mr. **Leon**. Did he have any employees answer to him?

Mr. **Abrams**. I think he has two or three.

Mr. **Leon**. And I think you might have heard Mr. McFarlane's testimony that he was in charge of two areas over there. Hostages and Contras, is that about right?

Mr. **Abrams**. He was the Deputy Director of Political Military Affairs. I think it's fair to say, I would say counterterrorism more broadly than hostages, plus Contras.

I should just add, by the way, that the NSC does have area directors, as well, and throughout this period the senior NSC official on Latin America was Raymond Burghart, a career foreign service officer, who was detailed to the NSC for this purpose and, indeed, the memo which we talked about this morning, the memo summarizing what happened at the NSPG, was Burghart's.

Mr. **Leon**. Was he Mr. North's supervisor?

Mr. **Abrams**. He was not. They were in parallel divisions, one was geographical, one was political-military. He was not Colonel North's supervisor. I guess you could say the Deputy National Security Adviser and the National Security Adviser were.

Mr. **Leon**. Now, with respect to Mr. North's responsibilities, he, too, sat on the RIG, did he not?

Mr. **Abrams**. Correct.

Mr. **Leon**. You were the chair of RIG?

Mr. **Abrams**. Correct.

Mr. **Leon**. With regard to RIG matters, he answered to you, did he not?

Mr. **Abrams**. No. Because the RIG was not a hierarchal body. The problem with the RIG and its replacement—we have, under a national security decision directive, a formal interagency group—the RIG was an informal group. We have a formal White House, established by Presidential order, interagency group. The trouble is it can't supervise things because it doesn't fit within the hierarchy of who orders whom to do what.

One of the inabilities I have as chairman of the RIG is to instruct people in other agencies to do things. I have learned the hard way.

Mr. **Leon**. So it was not a policy organization, as you have testified?

Mr. **Abrams**. No.

Mr. **Leon**. And it was not an operational organization, certainly, was it?

Mr. **Abrams**. No. The operations were conducted by component agencies.

Mr. **Leon**. It was a coordinating agency.

Now, did Mr. North's membership on that give him some sense of added authority or legitimacy in the eyes of other people, such as Mr. Tambs?

Mr. **Abrams**. It may well have.

Mr. **Leon**. There has been testimony, has there not, that Mr. Tambs received information from the Chief of Station down at Costa Rica from Colonel North, did he not?

Mr. **Abrams**. Yes.

Mr. **Leon**. And Ambassador Tambs has testified he believed, when he got that information from Colonel North, it was on behalf of the RIG; is that not a fact?

Mr. **Abrams**. He testified to that.

Mr. **Leon**. Just to the contrary, you testified that you did not dispatch Colonel North to give such directions specifically with regard to a Southern Front.

Mr. **Abrams**. Nobody got communications from, nor could anybody communicate with, the RIG. It was an informal group of guys sitting around coordinating U.S. policy in an inter-American region.

Communications to and from Ambassadors are accomplished by the Department of State, in Department of State channels, and that is precisely and exactly what the Secretary was telling Ambassador Tambs in his letter of instructions.

Mr. **Leon**. Well, with regard to the events surrounding the air strip in Central America that you have acknowledged some familiarity with, let me ask you a few questions regarding the operational side of it.

There's been reference to a U.S. citizen, Mr. Hamilton, on whose land it was built. Were you familiar with him?

Mr. **Abrams**. No, never met him.

Mr. **Leon**. Were you ever told about him?

Mr. **Abrams**. I found out about him in the fall of 1986 when there began to be news articles about this exact question.

Mr. **Leon**. Were you told about a Mr. Robert Olmstead, who has been referred to as "One-Eyed Jack", as being the person who was setting up and coordinating that?

Mr. **Abrams**. Until these hearings, I had never heard of Mr. Olmstead nor the expression "One-Eyed Jack."

Mr. **Leon**. Did Colonel North or Mr. Tambs ever tell you about Chi Chi Quintero, who was responsible for getting that air strip built?

Mr. **Abrams**. Until these hearings, I had never heard the name Mr. Quintero.

Mr. **Leon**. Did Mr. North or Mr. Tambs or anybody ever inform you Robert Owen, who you later learned about when he came in conjunction with the NHAO program, had been involved prior to his affiliation with the NHAO program, in helping to put together that strip project?

Mr. **Abrams**. No, sir.

Mr. **Leon**. Do you think this is a coincidence that you weren't being informed of this by Mr. Tambs and Mr. North?

Mr. **Abrams**. Let me answer it this way. I think those people who had the opportunity to work with me in the 4½ years in which was an Assistant Secretary prior to this job, and in this job, would have known two things. I believe they would have known two things. I believe they would have known that if you are making any effort whatsoever to exclude the Secretary of State from knowing about something, you don't tell it to me, because when I found out about something that I considered to be unkosher or potentially violative of the Boland amendment, I went straight to the Secretary.

And the second thing, they would know if you are planning to violate the law, you had better not let me know about it.

Mr. **Leon**. Was this not in your opinion, Mr. Abrams, now that you know about it, a risk—fraught venture from the point of view that if it ever came to the attention of the American people and the Congress of the United States, that it would seriously jeopardize the future funding of the Contra programs?

Mr. **Abrams**. Yes.

Mr. **Leon**. And yet that risk was being run by Oliver North, but without bringing it to your attention?

Mr. **Abrams**. Well, it was being run by a number of people in the Administration.

Mr. **Leon**. Well, if——

Mr. **Abrams**. I mean, this whole scheme of arms sales to Iran and the Iran-Contra connection—I have to say, I think the Iran-Contra connection was being withheld from us, by which I mean the Department of State, from the Secretary to me and others, because if we had found out about it, we would have stopped it instantly.

Mr. **Leon**. Had that been brought to your attention earlier on, would you not have done something about it?

Mr. **Abrams**. Absolutely. The first thing I would have done about it would be to go straight to the Secretary.

Mr. **Leon**. And in fact, when you were first told about it by the Chief of the Latin American Task Force, did you not do that very thing?

Mr. **Abrams**. The first indication I had was from the chief, was actually from the Chief of the Latin American Division.

Mr. **Leon**. Excuse me?

Mr. **Abrams**. And I went to Mr. Hill, Mr. Platt, the Secretary starting at 7:00 a.m. the next morning.

Mr. **Leon**. That was 3 weeks after you had been going around the country acting under the belief that there was, there had been no U.S. Government involvement in the area?

Mr. **Abrams**. That is correct.

Mr. **Leon**. And did that person who informed you on that occasion 3 weeks later inform you he had been aware in April of that year of a KL-43 encryption device that the Chief of Station in Costa Rica was using to communicate secretly with Oliver North?

Mr. **Abrams**. No, what I was told on October 23d was—well, actually two things.

On October 23d I was told that the Agency headquarters had just learned about the Station Chief's potential involvement, and you will also recall that on two occasions in early October, the Deputy Director of the Agency for Operations had categorically testified there was no CIA involvement.

Mr. **Leon**. Are you familiar with the testimony of Mr. Castillo this past Friday?

Mr. **Abrams**. Yes. I have read it.

Mr. **Leon**. You read the unclassified transcript?

Mr. **Abrams**. That's right.

Mr. **Leon**. Had you not been informed by the Chief of the Central American Task Force that he had specifically confronted, allegedly, Mr. Castillo and told him that he wanted him to get rid of a KL-43 encryption device?

Mr. **Abrams**. Yes.

Mr. **Leon**. And did not Mr. Castillo deny in his testimony Friday that that had ever happened?

Mr. **Abrams**. I think that it does not appear in the testimony.

Mr. **Leon**. And wasn't that very same person from the Central Intelligence Agency a person you were in regular contact with during that 3-week period when you were going around telling everyone the U.S. Government hadn't been involved?

Mr. **Abrams**. Yes.

Mr. **Leon**. And he didn't tell you then while you were going around to all these talk shows that he knew about that encryption device for months at that point?

Mr. **Abrams**. Well, he may not have—I mean, in his defense, he may not have known what use that device was being put to. But in any event, I found out about their suspicions in CIA headquarters about their Chief of Station on October 23d and not before.

Mr. **Leon**. Let me move to the private funding area.

Chairman **Inouye**. May I interrupt and announce there is a vote in progress in the House, that accounts for the absence of House panel members.

Please proceed.

Mr. LEON. Let me move over to the private funding area for a second, Mr. Abrams. You testified that you met Mr. Miller and Channell on one occasion or more and went to a dinner or luncheon with them, is that right?

Mr. ABRAMS. That's correct. A luncheon first, then a dinner speech of mine, and then this appearance with the President in the Roosevelt Room of the White House.

Mr. LEON. You testified you made some speeches to groups in various places with regard to the President's Contra program?

Mr. ABRAMS. Dozens, probably hundreds.

Mr. LEON. All right.

Now, there's been testimony over the last few weeks with regard to certain fund-raising activities of Mr. Miller and Mr. Channell, and witnesses have come in here, and I want to ask you a few questions as it relates to your involvement and your knowledge during that time frame.

Were you ever present at any time with a potential donor when somebody informed that donor if he gave $300,000, he could get in to see the President of the United States?

Mr. ABRAMS. No, sir.

Mr. LEON. You heard testimony, did you not, from Mr. O'Boyle, that he was present when that kind of statement was made and that Colonel North was aware of it?

Mr. ABRAMS. I saw that in the newspapers.

Mr. LEON. Did Colonel North ever tell you that he had witnessed such a statement being made?

Mr. ABRAMS. No.

Mr. LEON. If he had told you that, would you have done something about it?

Mr. ABRAMS. I would have asked, I think, at both the Department and at the NSC whether that was really proper.

Mr. LEON. You would have acted, wouldn't you?

Mr. ABRAMS. Yes.

Mr. LEON. Now, there was also testimony in this room not too long ago about Colonel North being present with a potential donor and a munitions list being brought out to that donor. It was Mrs. Garwood. And Colonel North saw the munitions list brought out. The testimony, as I recall, was he had it in his hand and that was discussed with a potential donor.

Did Colonel North ever inform you that he had ever been involved in any kind of situation like that with a potential donor?

Mr. ABRAMS. No. It was very clear to me from what I knew, the NEPL group was raising money for this ad campaign, period. There was never any indication whatsoever, whatsoever, that they were engaged in any other additional activities such as sending guns to the Contras.

Mr. LEON. And did you ever witness any such situation where a munition list was brought out to any potential donor?

Mr. ABRAMS. Absolutely not.

Mr. LEON. And if you had, would you have done something about it?

Mr. ABRAMS. Oh, God, I mean, it is an absolute, direct violation of the Boland amendment. Of course.

Mr. **Leon**. Were you in fact ever present at any time when a solicitation was made to some American citizen in an effort to get them to give to the Contras?

Mr. **Abrams**. No, sir. I was present, of course, when the President made his statement in the Roosevelt Room. It was the kind of statement that I had made, the Secretary had made, and all of us had made a dozen times telling people, please support the policy, period.

Mr. **Leon**. On the area of foreign solicitation, let me move over to that for a second.

Now, you have testified at length on this subject and you testified today about an NSPG meeting involving highest levels of government, the President himself, and there is an exhibit here, exhibit 25; it's been referred to in that regard.

I believe you testified that it was on the occasion of that meeting that a decision was made for the State Department to legally pursue its right as set forth by Congress to solicit from foreign countries?

Mr. **Abrams**. Yes.

Mr. **Leon**. And was it not at that very same time that General Singlaub was attempting to engage in some solicitation on his own?

Mr. **Abrams**. Yes. In fact—I mean, the reason for telling General Singlaub—you know, there are national security reasons for you not to be doing this. The reason, really, was we were about to make a solicitation, on May 16. We had NSPG. There was a decision, essentially, to do it, and it seemed to me very foolish to have General Singlaub around doing the same thing for two reasons.

First of all, if we were going to get the money we didn't need General Singlaub to get money to the Contras. They were going to be getting humanitarian assistance from us. And secondly, we had not chosen a country. What situation would we be in if we went in on Monday and General Singlaub went in on Tuesday?

Mr. **Leon**. Exactly. That is the next point I want to get to.

You were tasked with the responsibility of going out and putting together a list of countries, were you not?

Mr. **Abrams**. Yes.

Mr. **Leon**. One of the first people you went to, to figure out what countries might be available was Gaston Sigur, was it not?

Mr. **Abrams**. That is correct.

Mr. **Leon**. That was in May of 1986.

Mr. **Abrams**. Correct.

Mr. **Leon**. And when you went to see Gaston Sigur, did you discuss with him possible countries in his fifth of the world?

Mr. **Abrams**. Yes.

Mr. **Leon**. And did he tell you when you met with him on that occasion that in the prior year, 1985, that he had on his own behalf—excuse me, on behalf of Colonel North—gone to visit with two countries, Country Three and Four, I believe it is on the form there—Three and Five, excuse me—that he had on behalf of Colonel North had gone out and attempted to assist in Contra fundraising with those countries?

Mr. **Abrams**. He did not.

Mr. **Leon**. Did Colonel North ever tell you that he had sent Gaston Sigur just the year before out in an effort to help solicit money from those countries?

Mr. **Abrams**. He did not. I was, as I have said here and testified to Congress—I really was confident that no other government had given any money, that the Contras were not operating on any government's contributions.

Mr. **Leon**. And if either Ollie North or Gaston Sigur told you that in the prior year Gaston Sigur, when he wasn't with the State Department, had gone out and done that, would you have brought that to the attention of the Secretary of State?

Mr. **Abrams**. Yes.

Mr. **Leon**. And would that maybe have affected that NSPG decision that day?

Mr. **Abrams**. These meetings came afterwards. Had I been told this had happened and that the Secretary of State hadn't been told about it, I would have told the Secretary about it.

Mr. **Leon**. You testified at length just before I started about your questioning on the Brunei event, and I believe it was your testimony, was it not, that the focus of your concern in addressing the Senate of the United States was revealing the confidence of Brunei?

Mr. **Abrams**. That was my only concern.

Mr. **Leon**. And you have admitted that was an error as to how you handled the problem you were faced with.

Mr. **Abrams**. That is correct. It was a great mistake.

Mr. **Leon**. Do you think your error that day was affected in some way, shape, or form by the fact the Attorney General had just had a news conference with respect to Oliver North and the diversion of funds from the Middle East to Central America?

Mr. **Abrams**. No. I would have to say no. I think I was—I thought I wasn't supposed to reveal it. I mean, everything was a big mess, but—but, I don't know. I don't think so.

Mr. **Leon**. You went and—you went to seek their—Hill and Platt's—guidance on that right after you had been there, hadn't you?

Mr. **Abrams**. I went back to them and—our first priority was to kind of piece together what had happened. You know, the details that I have set forth today were not in my memory at that time. They are a process of going through my notes and notebooks, as Mr. Hill and Mr. Platt did. They are notes of my meetings with the Secretary. We did all that and went to Judge Sofaer and went to the FBI, and I requested also that I be authorized, not simply I should tell the FBI, but I should be authorized to tell the committee, the Senate Intelligence Committee.

Mr. **Leon**. Let me ask you about the NHAO Program. You testified with respect to Mr. Owen being hired and the compromise struck to bring him in. Ambassador Duemling's position was contrary to Colonel North's, and there was a compromise agreed upon.

There has been a lot of testimony in this room over the last few weeks with regard to activities down in Central America regarding that program and the Contra resupply effort.

Mr. Owen testified, you might have heard, that he was involved in his "off hours" hours in assisting the coordinating of lethal drops. Did you have any knowledge or information on that?

Mr. **Abrams**. No. Had we known that and I known that and Ambassador Duemling known it, he would have been fired in an instant.

Mr. **Leon**. He also testified with respect to his knowledge and involvement with a series of characters down there and Colonel North, as well.

Felix Rodriguez—did you ever meet him?

Mr. **Abrams**. I never met him.

Mr. **Leon**. You were down in Central America on a number of occasions?

Mr. **Abrams**. Yes.

Mr. **Leon**. You were in that very country where the airbase was located and Felix Rodriguez was helping out, were you not?

Mr. **Abrams**. Yes.

Mr. **Leon**. Were you ever introduced to any of the pilots?

Mr. **Abrams**. No, sir.

Mr. **Leon**. Did you ever meet General Secord?

Mr. **Abrams**. I have never met him in my life nor spoken to him.

Mr. **Leon**. How about Mr. Gadd who ran the resupply effort for him? Did you ever meet him?

Mr. **Abrams**. Never met him, never spoke to him, and until this hit the press, never heard of him.

Mr. **Leon**. How about Colonel Dutton?.

Mr. **Abrams**. Never heard of him before these hearings.

Mr. **Leon**. Ollie North never brought that to your attention either, did he?

Mr. **Abrams**. No.

Mr. **Leon**. If he had brought it to your attention, would you have done something about it?

Mr. **Abrams**. Sure. Had we known there were violations of the Boland amendment as there appeared to have been, I would have did what I did on the two occasions when I thought there were violations of the Boland amendment. I would have taken it to the Secretary.

Mr. **Leon**. Did Oliver North ever inform you, Secretary Abrams, that the Contras had given him money to use to help fund DEA agents' efforts to get hostages out of Iran?

Mr. **Abrams**. No.

Mr. **Leon**. It is obvious, Secretary Abrams, there were a lot of things that Ollie North did that he didn't tell you about. And there are a lot of things that he did that he didn't tell the RIG about. Isn't that correct?

Mr. **Abrams**. Yes.

Mr. **Leon**. He didn't tell you about the operational activities of the Southern Front or the operations of the resupply effort, as you just testified. For that matter, he didn't tell you about a lot of things he was involved in in fundraising on the domestic side as well as the foreign policy side.

Now, let me ask you something. With regard to most of those things, would you not have perceived those to have been very risk fraught to the future benefit of the Contra program had they become known to the Congress of the United States.

Mr. ABRAMS. Well, it wasn't just the Congress—I mean Secretary Shultz, for example, told us, told me he would not countenance a solicitation from a right-wing dictatorship because he didn't want that association. You can image how we would have felt about Iran.

Mr. LEON. I don't know if you heard Mr. McFarlane's testimony, but Mr. McFarlane testified that he thought, one of the reasons why Ollie North didn't bring a lot of these things to his attention was that out of some sense of loyalty as an officer serving under him and that he didn't bring it to his attention in order to protect him, Mr. McFarlane, that is.

Now, of course, Colonel North didn't work under you, did he?

Mr. ABRAMS. He did not.

Mr. LEON. Can you account for any reason why he didn't bring these to your attention?

Mr. ABRAMS. Well—you know, I guess we should avoid making conclusions before hearing his testimony.

Mr. LEON. Let me ask you this then. I don't want you to speculate, but would it be a fair conclusion to say he didn't bring it to your attention because he knew if he had that you would have brought it to the attention of the Secretary of State?

Mr. ABRAMS. I think there are a number of activities that we have heard about recently which he did not tell me about and some of them you have just enumerated, which I suspect nobody in the Department of State, including me, was told about it because they were not, it was meant that the Secretary not find out about them and that we not find out about them.

Again, I would just caveat, I have read an awful lot about me in the press and speculation, not just by journalists but by others, which is wrong, which is dead wrong, some of it emerged in Mr. Nield's questioning and I know it is dead wrong and I have welcomed and appreciated this opportunity to speak to some of these and I want to wait before drawing conclusions. I want to hear form Colonel North just as I have appreciated the opportunity to present what I did.

Mr. LEON. Well, based on all of the things that he has clearly not brought to your attention, and based on the fact that for three weeks you went around testifying there was no U.S. Government involvement, with his knowledge, and not bringing to your attention those facts, is there any reason for you to believe today that if you had asked him those kinds of questions Mr. Belnick implied you should have asked him that he, in fact, would have given you those answers?

Mr. ABRAMS. I don't know.

Mr. LEON. Well, do you know this? If he had told you about all those things from the outset, do you think you would be sitting where you are sitting today—we would be sitting where we are sitting today?

Mr. ABRAMS. No, sir.

Mr. LEON. No further questions, Mr. Chairman.

Chairman Inouye. Without objection, exhibits designated as EA-1 through, and including, EA-45, and exhibit EA-X, will be made part of the record.

Senator Heflin.

Mr. Heflin. Mr. Abrams, would you like to stretch a little bit?

Mr. Abrams. It is up to you, Senator. I am fine.

Mr. Heflin. First, I want to clear the air. Were you involved in any way in the diversion of the arms sales to Iran?

Mr. Abrams. No, sir. I had absolutely no knowledge of that.

Mr. Heflin. Were you involved in any phase of the arms sale to Iran?

Mr. Abrams. No, sir.

Mr. Heflin. Did you have any knowledge of an arms sale occurring to Iran?

Mr. Abrams. No, sir.

Mr. Heflin. You had no knowledge of any arms sales profits going from the Iranian arms sales to the Contras?

Mr. Abrams. No, sir.

Mr. Heflin. All right, sir. You have been testifying all day, and I think we all would admit that you have pretty good verbal skills. I have observed over a period of time that the representatives of the State Department who come before Congress seem to be well schooled in the language or word dancing.

I don't know whether there is a school or anything there that teaches the people in the State Department verbal skills.

Mr. Abrams. Senator, I have to tell you the truth. I am a lawyer and that may be the problem.

Mr. Heflin. Well, you have observed the other people at the State Department, I suppose.

Mr. Abrams. True.

Mr. Heflin. It is hard to get a straight answer, isn't it?

Mr. Abrams. Well, sometimes.

Mr. Heflin. Now, when you took over as Assistant Secretary, is this when you had the discussion with Secretary Shultz concerning monitoring of Mr. North?

Mr. Abrams. It came about 6 or 7 weeks after that.

Mr. Heflin. In other words, as I recall, you were confirmed something like July of 1985, and in, say, August or September you had a conversation with Secretary Shultz about monitoring Mr. North?

Mr. Abrams. Yes, sir.

Mr. Heflin. And I think you have described it as in that conversation he led you to believe that he considered Mr. North to be a loose cannon?

Mr. Abrams. Yes.

Mr. Heflin. All right, sir.

Now, at that time did you consider, as of that date, Colonel North to be a loose cannon?

Mr. Abrams. No.

Mr. Heflin. After that time did you at any time ever consider Colonel North to be a loose cannon?

Mr. Abrams. No, sir.

Mr. Heflin. Did Secretary Shultz tell you to monitor any other individual in the U.S. Government, other than Colonel North?

Mr. **Abrams**. No.

Mr. **Heflin**. Did you ever—you have recited to us what you did pertaining to monitoring. Did you ever report anything in writing or on a communications device to Secretary Shultz concerning Colonel North's activity that you would feel like that you should report under the responsibility of monitoring?

Mr. **Abrams**. Orally.

Mr. **Heflin**. Only orally?

Mr. **Abrams**. Yes, only orally. I don't think in writing. He would perhaps be mentioned in memos, but basically orally.

Mr. **Heflin**. In the *Miami Herald* article that has been referred to previously, I believe dated April 30, 1986, in which you wrote a memorandum to Mr. Abramowitz, did you at that time write any memorandum to Secretary Shultz or give—talk to him about that article that had appeared in the *Miami Herald* pertaining to Colonel North's activity?

Mr. **Abrams**. No. I had occasion to speak to others in the Department about some of the issues there, but not—I don't think to the Secretary, you know.

There are notes of all my meetings with the Secretary, but I would say, going from memory, the answer is no.

Mr. **Heflin**. Nothing in writing?

Mr. **Abrams**. I don't think so.

Mr. **Heflin**. All right.

Now, relative to the airstrip and when you became knowledgeable about that, did you become knowledgeable about some activity of Colonel North pertaining to the air strip?

Mr. **Abrams**. No. What I was told was the benefactors, as we called them, are building an air strip in Costa Rica, period. It wasn't operating at that juncture. I think the idea was they were going to build it or were building it. It wasn't in use. That was all I knew about it.

Mr. **Heflin**. During this time that you were—this 15 months—well, it wasn't that long, I suppose, at the time of the Meese disclosure—

Mr. **Abrams**. It was 16 months.

Mr. **Heflin**. During that period of time, did you think that there was more than one private benefactor activity going on relative to the resistance movement in Nicaragua, as it applied within Nicaragua itself?

Mr. **Abrams**. Yes. I knew that—or thought I knew that General Singlaub was involved, but it was never—it was clear he wasn't the only person involved. There were people doing what you might call humanitarian work. There were also people who were obviously doing nonlethal aid to the Contras. One of them seemed to be Singlaub. There were others that we didn't know.

Mr. **Heflin**. Did you discuss, with Colonel North, General Singlaub's activities?

Mr. **Abrams**. I don't think so. General Singlaub came directly to me. I don't think I had occasion to do that.

Mr. **Heflin**. Did you discuss with Colonel North any other activities pertaining to the other group, other than the Singlaub group that you mentioned?

Mr. ABRAMS. We discussed what was, in fact, coming out, if you will, at the other end. That is, we needed to know about that. We talked about that. We had CIA reporting on that. But that was what was being delivered to the resistance, not the question of who was delivering it.

Mr. HEFLIN. Now, Mr. Abrams——

Mr. ABRAMS. Excuse me for interrupting, Senator, but I posed those questions, I believe, when I got that full day of briefings at the CIA in the summer of 1985, before going out to—well, before taking on this responsibility, and the CIA told me, as I recall it—and there are documents as to what they knew at the time—that the Contras were doing most of this, that is, that they were using their individual and corporate connections to get contributions from individuals and corporations here and in Europe.

Later I was told by the CIA that they could tell the name of a European country from which shipments were coming, physically coming to Central America, and that they knew there were some bank accounts but they couldn't figure out whose accounts they were.

So that was our state of knowledge.

Mr. HEFLIN. Is it fair to state that of your knowledge of people in government, Colonel North was the most knowledgeable about the Contra resistance in Nicaragua, of anybody in headquarters or in Washington pertaining to government?

Mr. ABRAMS. I would say it was—there was a kind of a rough parity between him and the Chief of the CIA task force.

Mr. HEFLIN. All right, sir.

Now, always evidence is subject to many interpretations and testimony—oral, documentary, other things, or a combination of both.

But certainly your testimony today concerning your monitoring of Colonel North as a responsibility imposed upon you by Secretary Shultz, to in effect be his eyes and ears on North and to report to him on activities concerning him, is that one interpretation that you did it rather nonchalantly and not very aggressively. Another interpretation would appear to be that when it came to Colonel North, you could see no evil, hear no evil, speak no evil, and inquire of no evil concerning Colonel North.

Now, it comes down to a question of certainly there was not an aggressive monitoring of Colonel North, in my judgment. Does this then come to the—do you then reach a conclusion, and I'm going to ask you whether or not you were trying to protect Colonel North from Secretary Shultz?

Mr. ABRAMS. No, sir. I would not agree with either of the two theories that you expressed about the monitoring of Colonel North for a couple of reasons.

First, because at along about the time that the Secretary suggested to me that I do this, Colonel North's superior, Mr. McFarlane, assured everybody, particularly the Congress, that the kind of thing the Secretary was probably worried about due to press reports was not happening.

Secondly, in his dealings with me, Colonel North went through channels. We talked about this idea, Mr. Belnick queried me on the idea of taking territory in Nicaragua. He didn't do that. He raised the issue. That was the right thing to do.

When he wanted Ambassador Tambs to talk to President Arias, he didn't call Tambs, he called me. My observation was that the view of Colonel North as a loose cannon was not correct. I could not see that in his behavior. And I dealt with him regularly in the RIG and out of it. I just did not—I thought that he had a bum rap on the part of many people in the U.S. Government, and I did not think that—you know, let me put it positively. I thought that I knew enough about his behavior to say that I was meeting my responsibilities.

Mr. **Heflin**. Well, did you ever report that, that you thought—to Secretary Shultz that Colonel North was getting a bum rap in his being labeled a loose cannon?

Mr. **Abrams**. I think in conversations with the Secretary, I think I did convey that, that I did not share the negative view.

As a matter of fact, there was one occasion—there was more than one occasion. I remember one specific one where I said to the Secretary, for example, Colonel North had done something. I don't remember what it was. Maybe it was—I don't know what it was. Maybe it was public speaking. But in any event, I complimented him to the Secretary and said that he had been doing a very good job. And I think I did convey to the Secretary that there are a lot of people around who thought Colonel North was going outside of channels and that from my observations of his behavior, that was not fair.

Mr. **Heflin**. All right, sir.

Now, in the—under the legislation, humanitarian aid ended in March of 1986. You testified at that time that the Contras had great need. I believe you may have testified that you visited a Contra camp.

Mr. **Abrams**. Yes, sir.

Mr. **Heflin**. You thought they were in desperate need and that there needed to be a bridge plan to provide humanitarian aid over until the time that the Congress would vote the $100 million in humanitarian and military aid.

At that particular time in the law was the authorization to the State Department that they could solicit foreign governments for humanitarian aid, and so you developed this idea of seeking a foreign government to solicit aid from—in order to carry out this bridge.

Now, you told us about the fact that you went to the CIA Central American Task Force Chief and to Colonel North separately and asked them for a bank account.

Now, it is my understanding that relative to these matters that you have testified that as to Colonel North, you did not know whether it was a new account or not. You just knew that he had an account, but you did know that the CIA Task Force Chief had created a new account.

Mr. **Abrams**. I thought they were both new accounts. I did not really have any—I had no direct knowledge in either case.

Mr. **Heflin**. Now——

Mr. **Abrams**. I should add I thought they were both UNO accounts.

Mr. **Heflin**. Now, the time in regards to these—that led to the seeking of these—as I understand it now, you testified that you went to Colonel North first and got the account number from him?

Mr. **Abrams**. This is just on the eve of Secretary Shultz's trip to Brunei. I had to have a number to give the Secretary for his trip.

Mr. **Heflin**. That is around the first of June 1986.

Mr. **Abrams**. A little bit later. Maybe about mid-June. The Secretary went on June 24.

Mr. **Heflin**. June, 1986. You had not asked the CIA task force at that time?

Mr. **Abrams**. Correct.

Mr. **Heflin**. You asked Colonel North; you didn't hear from him. I believe you testified you went back to him, and he said it would be no problem.

Do I understand you correctly to state that on that second visit, where it would be no problem, he gave a number to his secretary; she typed it out and gave it to you?

Mr. **Abrams**. That is my memory. That is right.

Mr. **Heflin**. And that is your recollection.

Mr **Abrams**. That is right.

And—she was copying something on an index card, which she gave to me.

Mr. **Heflin**. That would indicate that it was an existing account rather than a new account, would it not?

Mr. **Abrams**. I wouldn't think so. It would indicate he had the account number somewhere. He was keeping a copy of the account number as well as giving me one.

This is also true in the case of the CIA Task Force Chief. That is, he did not give me the only extant copy of the account number. He kept a record for himself of what that account number was.

Mr. **Heflin**. Whether it be a new account or an old account, you did not know any details about the account?

Mr. **Abrams**. In either case, right.

Mr. **Heflin**. Did you not know who would sign the checks? You did not know to whom statements would be sent? You did not know whether it was a UNO account or what other account it was? You didn't know?

Mr. **Abrams**. I thought it was a UNO account.

Mr. **Heflin**. You thought it was a UNO?

Mr. **Abrams**. But not through direct knowledge. That is right.

Mr. **Heflin**. You then gave that to the Secretary of State. He went to Brunei. He came back. He did not discuss with officials in Brunei. It came back that that account number, which is an exhibit here, has a notation that on June 30th Mr. Platt puts it in a safe, saying it has been returned to him from Secretary Shultz?

Mr. **Abrams**. Right.

Mr. **Heflin**. Now, that is on the 30th of June. Then when do you go to the CIA Chief to ask for a bank account?

Mr. **Abrams**. Either late July or early August. That is to say, something like 4 weeks later, probably.

Mr. **Heflin**. Was there any reason in the meantime—had it come to your attention that there was anything about the bank account that Colonel North had given you that, therefore, you ought to seek advice from another source?

Mr. Abrams. No.

Mr. Heflin. So, you went to the CIA, and he gave you—told you that he would set up an account; is that correct?

Mr. Abrams. Well, that he would pass a message to some people in UNO and say to them, "Why don't you go and set up an account?"

Mr. Heflin. He would pass a message to the people in Brunei?

Mr. Abrams. UNO—United Nicaraguan Opposition, sir.

Mr. Heflin. Did he then report back to you that an account had been created in Panama?

Mr. Abrams. He reported back to me that an account had been created, and I don't remember the country.

Mr. Heflin. But he did report it back to you that it had been created?

Mr. Abrams. Yes. And it was not Europe. It was someplace in the Caribbean area.

Mr. Heflin. I am wondering why—why you went to the—went to the CIA Chief relative to this account when you already had one and its secretary had taken it with him and it had been returned. Do you have an explanation?

Mr. Abrams. No. I have talked about this, for example, with Mr. Hill to try to see if he can recall or reconstruct from his notes anything I might have said to him. As I think I said before, the best I can do is perhaps the notion that I had discussed this with the Task Force Chief and raised with him facts of this situation. He said well, you need an account and here is a way that this should be done, and I did not want to discourage him from doing it because I did not tell him that there was another account.

Mr. Heflin. You have this account and you went to Mr. Hill and discussed it and you testified previously, I believe, that you wanted a clean account. Well, how could you determine which was cleaner, the North account or the CIA Task Force account?

Mr. Abrams. You could not determine it. What we thought about and talked about on the plane was the idea that—two things. First, this question that you might call turf fighting of wanting to have a greater State Department role than CIA role. That was one reason not to use a link that had been in any sense created for us with the assistance of the CIA. The other was the point that you advert to.

Mr. Heflin. Well, you are in a state of legality now. The Boland amendment has been changed. You have the authority to solicit funds from a foreign country.

Mr. Abrams. It wasn't a legal point. It was a kind of bureaucratic point. That is that we were trying to exert our influence over the program rather than having the CIA continue to exert what had at one time been its total influence over the program.

The other thing was this idea that surely the CIA had lots of accounts and probably the NSC account was—NSC account, the account set up by Colonel North was not connected with any other account. It had been set up by Contras with no connection to another account or that was more likely. Anyway, so it seemed to us.

Mr. Heflin. Is it fair to say that you wanted a separate account where there would be no commingling of funds from other sources?

Mr. Abrams. Yes sir. That was how we could best track the drawing down of the $10 million.

Mr. Heflin. Now, you had the responsibility of setting up the disbursement of the money that you got from Brunei?

Mr. Abrams. Right.

Mr. Heflin. You had observed the problems that the NHOA, Duemling, had with his problems. You had gone through that. When you set up—took the bank account and you took it to London to get it, did you have any conceivable idea of the accountability that you would have pertaining to this account number that you gave to Brunei?

Mr. Abrams. Yes. We were going to demand—I was going to demand documented vouchers—I guess vouchers is the best word—for each expenditure for that account.

Mr. Heflin. You were going to demand it. At that time when you were going to give it Brunei, did you know who signed the checks?

Mr. Abrams. I did not know who the signatory to the account was at that time, for either account.

Mr. Heflin. In other words, you had not attempted to have any knowledge whatsoever of that account?

Mr. Abrams. Not at that point, because at that point we didn't know whether we had any money. Ultimately, we never got any money. That was something I intended to—you know, you cross that bridge when you come to it, and we never came to it.

Mr. Heflin. You were charged in the dealing with Brunei, under the law, that the solicitation could be made only for humanitarian purposes. And you would be charged with the responsibility under the bank account of seeing it—that it would be used only for humanitarian purposes?

Mr. Abrams. Correct.

Mr. Heflin. What steps did you take to see that none of the funds if they came from Brunei would have been used for any lethal purposes? What steps did you take to see that that would not occur?

Mr. Abrams. Senator, there was no money, so we never implemented any system for seeing to that. The system was to be implemented when the money arrived, which it never did. The system was to be—to require documentary evidence of the purchases for every purchase made. Actual bills for every purchase made. That is essentially what NHAO did.

Mr. Heflin. This is in August. This is August 8th when you solicited in London? The funds ended March 30?

Mr. Abrams. Right.

Mr. Heflin. That period of time goes on through there in which there had been delays and so you decide that you will wait until after the money gets into the bank account before you will establish any procedure pertaining to the protection against lethal use or any procedure pertaining to accountability; is that correct?

Mr. Abrams. Until the money came in. I would just say the money didn't actually run out on March 30. The obligational authority ran out. The pipeline began to run down.

Mr. Heflin. The pipeline? How many months are we dealing with here? To me this is another most unusual thing is that from August until December when that account is there with the Contras desperately needing funds, that there is a terrible lot of inaction on your part.

Mr. **Abrams**. First of all, Senator, after mid-October, their need for funds was well reduced by the fact that $100 million was finally approved. In the interim, we were in contact with the Government of Brunei. I was in contact with Colonel North trying at both ends to determine what was going on.

But we did not—to me, the vouchering system was extremely simple. It was to demand bills for every expenditure made.

Mr. **Heflin**. In other words, you just had complete trust in Oliver North?

Mr. **Abrams**. Yes, sir.

Mr. **Heflin**. Mr. Abrams, I think there is a reasonable interpretation, and I am sure there are others, that there is something about your relationship with Oliver North that you want to hide.

Mr. **Abrams**. No, sir.

Mr. **Heflin**. Going back through the monitoring, the selection of the bank account, all of these affairs, they point to an interpretation and other interpretations that there is a relationship that you have with Oliver North that you do not want to fully disclose.

Mr. **Abrams**. Senator, I didn't choose Mr. North. I came to this job and to the interagency process and there he was and he dealt with my predecessor and he dealt with me, and I dealt with him as a colleague, as a close colleague and with complete trust in what he was doing as I did with other colleagues who attended that meeting and were closely involved in this program.

When I needed to, I commented on him to the Secretary. The fact that this account had been set up, I thought by the Contras, was conveyed to Mr. Hill, who was the usual way of conveying information to the Secretary.

There was no attempt to withhold that information whatsoever, and there was—what I had with Colonel North was a relationship that the Assistant Secretary of State for Inter-American Affairs has with what you might call the point man on Central America for the National Security Council, and I had a similar relationship and continue to have one with the point man for the Central Intelligence Agency.

Mr. **Heflin**. Well, as I state, of course, that is one interpretation. I am sure there are other interpretations.

Thank you. I see my time is up.

Chairman **Inouye**. Thank you very much.

Chairman Hamilton has a special announcement to make.

Chairman **Hamilton**. Mr. Chairman, during the examination of Secretary Abrams by Mr. Nields, Mr. Nields stated that Paul Handley worked for Larry Speakes at the White House. I am informed that, in fact, Mr. Handley, who is a Navy Commander and Public Affairs Officer who served on detail to the NSC, that he worked for the National Security Adviser, and that at no time did he work for Larry Speakes.

Chairman **Inouye**. Thank you very much.

The hearing will stand in recess until 9:00 o'clock tomorrow morning. At that time Congressman Broomfield will resume the questioning.

[Whereupon, at 5:25 p.m., the Select Committees recessed to reconvene at 9:00 a.m., Wednesday, June 3, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Continued Testimony of Elliott Abrams and Testimony of Albert Hakim

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WEDNESDAY, JUNE 3, 1987

Senate Select Committee on Secret Military
Assistance to Iran and the Nicaraguan Opposition
and
House Select Committee To Investigate
Covert Arms Transactions With Iran,
Washington, DC.

The Select Committees met, pursuant to call, at 9:00 a.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

CONTINUED TESTIMONY OF ELLIOTT ABRAMS, FROM JUNE 2

Chairman **Inouye**. The hearing will please come to order.

Congressman Broomfield.

Mr. **Broomfield**. Thank you, Mr. Chairman.

Good morning, Mr. Secretary.

Mr. **Abrams**. Good morning.

Mr. **Broomfield**. Mr. Secretary, you have worked long and hard to advance U.S. interests, not only in Nicaragua, but throughout Latin America.

I want you to know your public service is valued and appreciated.

I have had the distinct opportunity, I guess, of working with you right from the beginning of your service with the State Department, and I know that Members who have served on our Foreign Affairs Committee respect you highly.

Mr. **Abrams**. Thank you.

Mr. **Broomfield**. You are a man of integrity and dedication and loyalty.

My questions concern two specific areas, and I believe important subjects. The first subject is in keeping Congress informed of important State Department activities.

The second one is the aid to the Nicaraguan Resistance.

At any point on informing Congress before the Iran-Contra investigation started in November of 1986, did you have a legal obligation to come forward to inform Congress of the solicitation of humanitarian aid from the country of Brunei?

Mr. ABRAMS. I don't believe so, Mr. Broomfield.

Mr. BROOMFIELD. On the Brunei solicitation, and I know you have been asked many questions on this subject, but yesterday you testified that you had been authorized to talk about it.

What were Secretary of State Shultz's instructions to you about maintaining the confidentiality of the fact that you solicited funds from Brunei?

Mr. ABRAMS. As I recall, when I spoke to the government of Brunei officials—by the way, never the Sultan; I have never spoken to or met the Sultan—one of their first requests was confidentiality, and he guaranteed that.

As I remember the guidance from Secretary Shultz, it was to maintain absolute confidentiality. We told no one in my Bureau. We kept it unbelievably tight within the Department of State and, as I recall, it was clear that I was not to report this to Congress.

We did not view it as intelligence activity. It was not an intelligence activity. It was a diplomatic activity of which the State Department—which the State Department had undertaken and it was felt by those with whom I discussed it that I was right in saying that I should not report it to the Congress unless I had his explicit authorization to do so and that I did have to go back to him.

Mr. BROOMFIELD. Did you understand the Secretary's instruction to keep the Brunei solicitation confidential to mean that even if the solicitation was successful and the money actually went to the Contras, the Congress would never be told of it?

Mr. ABRAMS. We never actually discussed the question of whether we would have disclosed it had the money come in and started to be spent. But it was clear to me that in this initial period of negotiation or I guess should say the initial solicitation of the government of Brunei, that we were not going to report it to Congress. We never actually crossed that bridge.

Mr. BROOMFIELD. Apart from the Brunei solicitation and during your State Department service, have you ever received an instruction to maintain confidentiality about any particular information which you understood to mean that you could never tell Congress that information?

Mr. ABRAMS. No.

Mr. BROOMFIELD. Section 15(b) of the State Department's Basic Authorities Act states in part, "The Department of State shall keep the Committee of Foreign Relations of the Senate and the Committee of Foreign Affairs of the House of Representatives fully and currently informed with respect to all activities and responsibilities within the jurisdiction of these committees."

Those committees have jurisdiction of U.S. foreign affairs and diplomacy.

Were you aware of this statute that requires the Department of State to keep the Foreign Affairs Committees fully and currently informed of the department's activities?

Mr. ABRAMS. I was not aware of that statute.

Mr. BROOMFIELD. In the context of the Brunei solicitation, do you believe that the Department of State fully complied with the statutory duty?

Mr. Abrams. I guess I would want Judge Sofaer's view of that. I would be disinclined to interpret that statute to mean that the department must report on every single activity which it undertakes, in part because there are too many.

It cannot really mean that. Some of the activities which we are involved in are activities which are only reported to the Intelligence Committees and that is by agreement with the Congress, is that some activities are reported to intelligence rather than to Foreign Affairs, so I really don't know as a matter of law what the answer to that is.

Mr. Broomfield. We understand the Brunei solicitation was totally legal, but as a general matter, should the United States ask foreign countries to fund achievement of U.S. foreign policy when the U.S. Congress has failed to provide funds given that a solicited foreign country is bound, in my judgment, to expect something in return at some point, even if it wasn't promised?

Mr. Abrams. I have to tell you that I think it is shameful for the United States to be going around rattling a tin cup. I think it is shameful. I did it because the Contras were as far as I knew starving. They were in debt on buying food, they were cutting back rations. I had it in my legal power, with the approval of the President and the Secretary, to get them food and medicine and clothing and it would have been immoral in my view to have failed to use that authority, but it is a practice that I think is awful.

Mr. Broomfield. We are not only examining today the wisdom of the administration's actions here, we should also examine the wisdom of the stop-start policies of Congress. As you stated in your opening remarks, and I found them extremely interesting, to note that the same Congress that put restrictions on Contra aid also condemned in statute the Nicaraguan Communists and said that the United States had a special responsibility on that matter.

How difficult was it to manage an effective foreign policy toward Nicaragua when Congress was radically changing the laws of the Contra aid every few months?

Mr. Abrams. It is very, very hard. It is really almost impossible. For one thing you are dealing with sovereign states in the area, and you are also dealing with the Nicaraguan Resistance and their lives are on the line.

In the long run that is true for El Salvador, Honduras, Costa Rica, Guatemala, as well. They want to know what our policy is. They ask you—they ask me. They say I know what you think and what the President thinks and what the Secretary thinks—is that the position of the U.S. Government?

You have two policies. We have visitors from Congress who will tell us that the policy will change in a matter of weeks or months; therefore, they really don't rely on what the President and the secretary tell them. They feel that they are hard-pressed to rely on that. For those in the field who are trying to implement this policy at the grand level, it is impossible. It is just impossible.

Mr. Broomfield. What can be done to change that?

Mr. Fascell. Get rid of Congress.

Mr. Abrams. I don't know the answer to that. I think that we are in an area which is built into the Constitution. One of the greatest scholars of the Constitution, Edward S. Corwin, wrote that the Constitution is an invitation to constant struggle over foreign policy, so we struggle. The executive struggles with the legislative and policy changes. Foreign governments, they come to understand that that is one of the problems of our system. It is built into the system and we just have to try to cope with it.

Mr. **Broomfield**. It obviously has been going on for a long time. It's not only this administration, you can go back over many administrations have had the same difficulty in working out foreign policy with Congress. I think one of the important things is to try to rebuild trust, and I think the experience that you went through with the Senate Intelligence Committee, I felt for you yesterday. You indicated that was one of the worst days you have spent with the State Department.

But there is something that has got to be done to start rebuilding so there is trust between the Congress and the administration. One of the things I keep recommending is that we have a single Intelligence Committee, in other words, composed of members of both the House and Senate to cut down on the number of appearances that people like in your capacity would have to appear.

I was amazed that you indicated in a little over a year and a half you have made 60 appearances before congressional committees. How do you feel about that?

Mr. **Abrams**. I think it is the right thing to do. Those 60 appearances don't count the innumerable one-on-one meetings and small group meetings with members of Congress over that period as well. What we do now, for example, is I—and the task force from the CIA do a biweekly briefing of the Senate Intelligence Committee at their request.

In an effort to deal with what you are talking about, I think it is fair to say right now that we have briefed that committee on everything that might happen under the Contra program and that nothing that could happen would be a surprise to that committee. I think this is the way we really should be doing it.

Mr. **Broomfield**. The statute by which Congress approved the current U.S. program granting $100 million in aid to the Nicaraguan Resistance says that the Department of State is responsible for policy guidance, coordination and supervision of all U.S. Government activities under the program.

What is the Department of State doing to make sure that the hundred million is spent for exactly what Congress authorized and that all of the U.S. personnel complied with the law?

Mr. **Abrams**. That is a very important provision of law. That is absolutely in my experience unique and anomalous. It says that the State Department is supposed to supervise not only CIA and DOD, but NSC, the White House. I know of no other situation in which we actually are supposed to do that. We try to do that.

We have under a National Security Decision Directive of the President a formal interagency group which I chair. We have a formal senior interagency group chaired by Under Secretary of State Armocost, which we meet in theory at least once a week. They meet probably once a month, reporting at intervals to the NSC or the NSPG. In our interagency group we now include—because the Tower Commission, I think, correctly suggested this—we now include a representative of the legal advisers office at every meeting.

We have also decided to include a representative of OMB at every meeting really going to the questions of management, legality, administration, how the program functions as opposed to the policy aspects of it. I mentioned yesterday that I had one briefing of the secretary on Latin American affairs per week. I now have two.

We have doubled it because he wants to be in closer touch with the functioning of the program. We have also been more assertive in our dealings, frankly, with the CIA. In areas where I think before this bill was passed I would have said, "Look, X or Y is their business." There are now areas where I will say, "I'm sorry, we are supposed to supervise this," and if we don't get what I consider to be the right answer at the interagency group level we go to the senior level or we go to the Secretary.

Mr. **Broomfield**. Are you confident that you would detect misbehavior by U.S. Government personnel with the current safeguards under the Nicaraguan Resistance program?

Mr. **Abrams**. I am not fully confident because you can probably detect some misbehavior. You can probably detect deliberate misbehavior that people don't try to hide. If people are misbehaving and are trying very hard to hide it, sooner or later you may find it out, but it may take a long time, and there have been acts which you would call misbehavior since this program began which have come to light and which, I believe, have been reported to the Intelligence Committee.

Mr. **Broomfield**. Do the Senate and House Intelligence Committees meet regularly with you to oversee your activities under the current $100 million U.S. program?

Mr. **Abrams**. The Senate Intelligence Committee, really the Senate Intelligence Committee staff meets with us on a biweekly basis, the House Committee on a less regular basis.

Mr. **Broomfield**. Does the Nicaraguan Resistance currently have any sources of funding for its military activities, whether from private sources or from foreign government sources, other than the $100 million provided by the U.S. program?

Mr. **Abrams**. One thing I have learned over the last year is to answer that question, not to my knowledge.

Mr. **Broomfield**. A private contributor testified that Colonel North told him that the U.S. Government had this secret plan that provided for the U.S. Navy to blockade Nicaragua, for the Nicaraguan Resistance to seize and hold some territory in Nicaragua, for the U.S. Government to recognize the resistance as the new government of Nicaragua.

I want to ask you really straightforward, is that now, or has it ever been, a U.S. Government plan for Nicaragua, or was that something that was drummed up by Lt. Col. Oliver North?

Mr. **Abrams**. That is not now, nor was it ever U.S. policy. It is true as the Tower Commission, I think, reported that Colonel North had that plan, but the plan—when he asked around about it in the interagency process, the plan was rejected.

Mr. **Broomfield**. I would like to ask you one final question. You have gone through an awful lot, and I am just happy to see that your day of reckoning came today, in the last couple of days, so you can get off your chest how you feel about a lot things.

You have had to wait a lot, and there has been a lot in the press about who is guilty and who is not guilty. But as you reflect back over the last 15 or 16 months since you assumed Assistant Secretary for Inter-American Affairs, do you have any regrets or any feelings if you could live the last 15 months over, what would you do?

Mr. **Abrams**. How much time do I have?

Mr. **Broomfield**. As much as you want.

Mr. **Abrams**. The first thing that comes to mind is quite obviously November 25, 1986, that is to say the much discussed Intelligence Committee testimony, which was bad testimony. That is to say I went in there in a bind feeling that I could not be fully candid with the committee, and that is why I went back to the committee and apologized to the committee. That is the first thing that comes to mind.

I guess more generally, I think that I have regrets about the way in which the policy was managed, but they are not personal regrets.

They are regrets really more about the activities of the executive branch, and of the legislative branch, in that over this period we couldn't come to a better agreement. This policy in Central America, which is in our view so crucial to our national security, has become so hotly controversial that it really proved impossible to achieve a legislative scheme that we felt was one under which it is possible for people at the ground level to do a decent job, and it really caught people at that level in a bind, unfairly, I think.

So I wish in a sense that we could rerun that and try to achieve a better consensus between the administration and Congress.

Whether we could do so, I don't know.

Mr. **Broomfield**. Don't you think another area would be that having the programs and policy run under the normal process, rather than have them coordinated by some person in the national security business?

Mr. **Abrams**. No. As I said, it is not in a sense a personal regret for something I did.

But there is no question that one of the central lessons we learned from this experience is that we have these institutions, essentially three, the DOD, Central Intelligence Agency and the State Department and our national security policy should be implemented through those agencies.

It should not be implemented through the National Security Council staff. It should not be implemented through private citizens. It should not be implemented by going to foreign governments and asking them for money. That is not the way to a great nation should run its foreign policy.

Mr. **Broomfield**. In your context, since these hearings have been going on, what do you detect from countries that you have jurisdiction over? Have these hearings had an adverse impact on them, are they curious where we are going to go as far as our policy in Central America?

Mr. **Abrams**. They have had one beneficial impact, which is that the government has utterly ground to a halt in Managua. All they do is watch these hearings. CNN is available, I don't mean to give a plug, but it is available throughout the Caribbean Basin. I think that they have, I know that they have because we have cable traffic on this, upset a number of our allies in the region—it is not—the fact that we hold the hearings. It is the fact that America is so much at odds with, itself, that the policy of support for them, not just for the resistance, but for them, for countries like El Salvador, is becoming more and more controversial, and it scares them.

Mr. BROOMFIELD. Well, there are still a lot of questions, obviously, to be asked about the situation. I regret to see how this has developed, because I think this cloud that hangs over the administration until we get this investigation over, I am quite disturbed at the indication that maybe the independent counsel now is trying to put off Oliver North from appearing for a while.

I think that is regrettable. I think the most important thing that we can do for our country is to have these hearings move right along, and until we get the principal witnesses, North and Poindexter here, I think we are not going to know all the answers.

I want to compliment you for your candidness before this committee. You have been very forthright. I hope from now on you don't have to be a major English person to understand what you are talking about, because I do believe you, and I thank you very much for your appearance.

Mr. Abrams, thank you.

Chairman INOUYE. Senator Cohen?

Mr. COHEN. Mr. Chairman, it has been suggested that some members of this committee have become too prosecutorial during the course of these proceedings. I would like to offer just a few comments concerning this.

I would say that it is not our function to either prosecute witnesses or to defend them, but to try and determine as objectively as we can what the facts are, and where the truth lies, which seems to me now to be buried under layers of contradictions, misrepresentations and deliberate deceptions.

I might say that this is not the forum to debate the merits of the Contra aid program, whether it occupies a high or low ground, that something that belongs to the Foreign Affairs and Foreign Relations Committees, the full House and Senate, and ultimately the country.

For me, the hearings should have three essential purposes. Number one, to determine whether the administration in carrying out a covert action to sell arms to Iran at prices that were inflated by middlemen who may or may not have been agents of the U.S. Government violated our laws by diverting a portion of these proceeds to the Contras at a time when U.S. aid was prohibited.

Secondly, whether in its desire to hold "the heart and soul" of the Contra aid program together, the administration officials either improperly solicited funds or actively aided the Contras at a time when that aid was prohibited by Congress.

But, thirdly, and for me most importantly, we have to determine what are the policy implications for this country if it turns to private individuals or foreign countries to carry out on a covert basis what the Congress and the country have openly rejected.

What does it mean, for example, when our government believes it must act in the shadows using code words and whispers and foreign capital, Swiss bank accounts and profiteers and mercenaries to carry out its objectives.

How we conduct the Nation's business is as crucial as why we are conducting it, because our motives may be high, but the tactics might be low or lawless, and the means for me at least are more important than the motives.

Secondly, I point out that we have tremendous power in these hearings to call our colleagues or witnesses before us, citizens to give testimony under oath, and that power should not be abused by us. I think that innocent actions or ambiguous statements, when placed under a microscope or magnifying glass, can look like naked lies running around looking for fig leaves.

So, I think we have to take care not to abuse this power. What is of equal concern to me is how misrepresentations, crucial omissions and deliberate deceptions have been encouraged to masquerade as truths before congressional committees.

Since last December, I have been dismayed to listen to a string of witnesses who suffer from either accommodating amnesia, bland indifference or deliberate ignorance about a program of fundamental importance to this administration. Congress, I think, as Congressman Broomfield has pointed out, we have to bear a measure of responsibility for lack of consistency in recognizing the threat that the Sandinistas pose.

But Congress cannot be a partner in sustaining a consistent foreign policy when it is either not being informed by the administration or being deliberately misinformed.

As was said by Mr. Abrams, foreign countries don't know what our policy is. I would suggest Congress also doesn't know what the foreign policy is because it kept shifting from week to week or month to month.

I would like to begin, Mr. Abrams, by pointing out that yesterday you indicated that on November 25, when you appeared before the Intelligence Committee, you were not under oath at that time.

Correct?

Mr. ABRAMS. Yes.

Mr. COHEN. You mentioned that yesterday. It doesn't make a difference to you whether you are under oath when you appear before the Intelligence Committee, does it?

Mr. ABRAMS. No, it does not.

Mr. COHEN. The same is true when you appear before the national television programs. You would apply the same standard?

Mr. ABRAMS. Sure.

Mr. COHEN. You would agree it is not the oath that makes the person credible, but the person that makes the oath reliable.

Mr. ABRAMS. Well said.

Mr. COHEN. During the course of the Evans-Novak program, I want to quote from something they said about your appearance that day.

Mr. Evans said, "I don't know whether Secretary of State for Latin America is taking lessons in how to be cool under fire or couth under fire, but I gave him the worst pummeling I could. I really tried to get in there. Of course, you were rather aggressive yourself—" meaning Mr. Novak—"we didn't get anywhere in bending him out of his position that the U.S. Government in no way, shape or form had nothing in any way, guidance, organizational orders, et cetera, to do with this unfortunate, this tragic case."

Mr. Novak said the following, "You know, I have seen a lot of coverups in this town and we both may end up with egg on our face before the week is over, and this is all an elaborate lie, but this doesn't look like a coverup, and it doesn't because there is no equivocation. He says it doesn't come from the U.S. military base. He says these companies are not CIA companies. The so-called Max Gomez, the CIA operative supposedly hired by the CIA or Vice President Bush, doesn't even exist. No, no, no, he says."

What is troubling about their analysis of your testimony or appearance that day is the fact that there is no equivocation. You are wrong at the top of your lungs in this particular interview as you were before the Intelligence Committees.

Mr. Gomez, for example, you told them you didn't know who he was. Who did you ask about Mr. Gomez?

Mr. **Abrams**. I would have to take a look at the transcript.

Mr. **Cohen**. Do you know who Max Gomez is?

Mr. **Abrams**. I know now who he is. I never met him.

Mr. **Cohen**. Did you ask anybody about it? When they asked you a question, for example, Max Gomez theoretically has been hired or allegedly been hired by Vice President Bush's office? Did you go to anyone in Bush's office?

Mr. **Abrams**. I have to see what question I was asked. I would tell you for one thing I have never met Mr. Gomez, and before this whole thing broke—let's use the name Gomez. I was unaware of the fact that there was such a person present in El Salvador.

He went to El Salvador for wholly legitimate purposes, I understand, long before I came to this bureau.

Mr. **Cohen**. They asked you a question about Gomez and your answer is in exhibit 25, page 4153. "I first heard about it on Friday morning as well. I can say first of all there is no Max Gomez."

How did you know that?

Mr. **Abrams**. Because I knew that—I knew by then that, in fact, this was an assumed name.

Mr. **Cohen**. Why didn't you say so? Why did you lead Evans & Novak to believe there was no Max Gomez?

Mr. **Abrams**. Oh, I didn't think I——

Mr. **Cohen**. You didn't?

Mr. **Abrams**. Come on. Come on. I can say, first, there is no Max Gomez. Whoever that gentleman is, he isn't named Max Gomez. I don't think I left them with the impression there was no person, but rather the name was wrong.

I don't think that is fair, Senator. I don't think they had that misimpression.

Mr. **Cohen**. You don't think they had that misimpression?

Mr. **Abrams**. There was a man whose real name was not Max Gomez and that is true.

Mr. **Cohen**. In their conclusion, they said the following——

Mr. **Abrams**. So we need, first of all, to find out who he is. Now that obviously indicates there is a man.

Mr. **Cohen**. Did you try to find out who he was?

Mr. **Abrams**. I knew at that point, I believe by then, what his real name was. He was using a cover name for reasons I assume having to do with security.

It was not my place on a public TV show to give what his real name was if it wasn't in the press already. I don't recall the date of this.

Mr. **Cohen**. What you are saying is you knew who Max Gomez was, but you ducked the issue there by saying "Well, we'll have to find out who the gentleman really is?"

Mr. **Abrams**. Wait a minute. Wait a minute.

"Do you know anything about Don Gregg had hired this Max Gomez who Hasenfus described as a CIA agent. Do you know anything about that?"

"Not a lot. I first heard about it on Friday morning as well. I can say, first of all, there is no Max Gomez. Whoever that gentleman is, he certainly isn't named Max Gomez. So we need first of all to find out who he is.

"Secondly, I know nothing about——"

Mr. **Cohen**. Stop there. We need to find out who he is. You knew who he was.

Mr. **Abrams**. I think probably by then I knew what his real name was. They may not have known, and I was not at liberty, I felt, to disclose it on a TV show and I don't think that is misleading at all.

I did not tell them there was no person who existed.

Mr. **Cohen**. Well, then, their statement that the—"Max Gomez doesn't even exist. No, no, no. They were—unfortunately, they had a misimpression.

Mr. **Abrams**. That is OK, but they didn't get it from that language which indicates quite clearly, I think, that there was such a person, and that the name was not Max Gomez. And that is true.

Mr. **Cohen**. That is technically true. There is no Maz Gomez; just as there is no Mr. Kenilworth, right?

Mr. **Abrams**. I don't think that is a fair comment, Senator. It is not technically true; it is true. I didn't know a lot about this. I never met the guy, didn't know he was in El Salvador. I was one of the people finding out about it.

I said one thing's for sure, I know that his name is not Max Gomez.

Mr. **Cohen**. Is that what you said in this interview?

Mr. **Abrams**. I think that is what I said. I remember when this first broke being told by somebody, probably CIA, that Max Gomez was not a real name.

Mr. **Cohen**. OK.

Well, during the rest of the interview, I also found problems with it frankly because you cite both the chairman and the vice chairman of the Intelligence Committee as corroborating your, not your testimony, but at least your appearance that day. You said the—

Mr. **Abrams**. Where are you?

Mr. **Cohen**. "Chairmen, one Democrat, one Republican, have said this is not in any sense a CIA operation."

The same document, 4155: I don't think there is any dispute. You have said it on three different occasions in this interview. "I take great comfort in the fact that the intelligence committee members I speak to would be in complete agreement there is no U.S. Government involvement."

And what troubles me as a member of that committee is, first, Congress is deceived and then that deception is used to corroborate statements by other members of the administration. That apparently is what occurred here.

You cite the Intelligence Committee as saying you see, the Republican and Democrat, both agree there is no U.S. Government involvement here and you now realize that you were not told the truth and, therefore, you are holding us out as corroborating your statement.

Mr. **Abrams**. You are in an interview that is probably the 10th or 11th of October.

Mr. **Cohen**. Yes. That is right.

Mr. **Abrams**. In which the state of knowledge of the Intelligence Committee was roughly the same as mine. I suspect.

Mr. **Cohen**. We were misled.

Mr. **Abrams**. No. Wait a minute. The state of my knowledge and yours at that time was probably——

Mr. **Cohen**. The same.

Mr. **Abrams**. Roughly the same.

Mr. **Cohen**. We were both misled.

Mr. **Abrams**. With respect to this Hasenfus thing, I was confident that this was not a CIA operation, probably by then I had already testified. I think you knew if you knew it because the Deputy Director for Operations of the Central Intelligence Agency had categorically stated, sitting next to me in a couple of hearings, that this was not a CIA operation.

So if you feel that somebody told you that and you could rely on it, you ought to talk about that testimony.

Mr. **Cohen**. Right.

Mr. **Abrams**. Which is probably authoritative testimony.

Mr. **Cohen**. Would you say that testimony was accurate that was given to us?

Mr. **Abrams**. We now know it was not accurate.

Mr. **Cohen**. So, we were both misled. That is what I said in the first place. Right.

Mr. **Abrams**. I think that is fair.

Mr. **Cohen**. OK. Let's go to the Tower Board testimony you gave. With reference to General Singlaub, you told the Tower Board, and I want to refer to page B-125, you were asked about Singlaub's efforts to solicit funds for the Contras. "We in the department never made any solicitation, other solicitations, for anything from anyone. One time this summer, I would say, General Singlaub called me from Asia and said 'I can get some aid for the Contras through me if you'll just sort of let the foreign government know—just tell their Ambassador, I don't remember'—— "

Mr. **Abrams**. Where are you, sir?

Mr. **Cohen**. B-125.

Mr. **Abrams**. What is the date?

Mr. **Cohen**. This is the Tower Board.

Mr. **Abrams**. But there are—I see, you are reading from the report.

Mr. **Cohen**. Let me summarize it, and I will give you the document if you would like.

You responded to the Tower Board, and they asked you about Singlaub's efforts to solicit funds from Countries Number Three and Five. You said that "I said I can't do that. It is just not right. I can't do that."

Do you recall that testimony?

Mr. **Abrams**. Yes.

Mr. **Cohen**. The problem I have with that categorical statement, once again, it's just not right. Is that the implication there is some sort of moral balance going on? What is right and what is wrong? It is not right for General Singlaub to get this nod from me. It is just not right. That, in fact, doesn't comport with what all the documents being furnished to you by your direct subordinate, Mr. Melton, seem to indicate. What they indicate is that the timing wasn't right. Tell Singlaub the timing is wrong, that he is in danger of jeopardizing this sophisticated strategy that we have for getting the President's program through the Congress.

Mr. **Abrams**. Have you read Mr. Melton's deposition, sir?

Mr. **Cohen**. I have read all the documents that were submitted to you.

Mr. **Abrams**. Senator, he has been deposed by this committee. He has stated in full, under oath, his view of all of that, and I think it is a little bit unfair, frankly, but I can tell you that I have read it because the committee was kind enough to make it available to me.

I think you will find, when you read it, that Mr. Melton, not knowing what I testified under oath, a career Foreign Service officer has a little bit of a different recollection of it in which his recollection is really is, as was mine, that we were really saying to General Singlaub, a man for whom I have had and always have had the utmost respect and admiration, that we were not going to say to him, "Would you please go away, we are not going to help you with this", we were going to try to let him down easily, because I was actually sorry that there was nothing I could do to help him. But I felt there was nothing I could do to help him.

I think your interpretation is not that of Mr. Melton, who was the career officer who attended all those meetings and who was the usual contact with General Singlaub.

Mr. **Cohen**. All of those memos coming to you from Mr. Melton were in error then?

Mr. **Abrams**. No, sir, they were not all in error. Mr. Melton says in his deposition that the line in which he says there was a previous deposition—

Mr. **Cohen**. I didn't say that.

Mr. **Abrams**. —were false.

Mr. **Cohen**. Forget that line. The other lines say, "Tell Singlaub, indicate that the timing is not right. This is going to jeopardize our 'sophisticated strategy'."

Mr. **Abrams**. It is all in his deposition given to these committees under oath, and what he says is, it is right, it is right, that General Singlaub was—I am sorry to say this, but it is true—kind of strung along. We didn't want to give him a definitive no. But there was never any decision, never any decision to give him the help he needed because that was something I felt I did not want to do.

Mr. **Cohen**. Because it was not right? Or because the timing was not right?

Mr. **Abrams**. What we told General Singlaub was the timing was not right, because we wanted to kind of let him down easily. That is Mr. Melton's sworn deposition to these committees.

Mr. **Cohen**. OK. Let me move back to the issue of the *Miami Herald,* when you complained to Mr. Abramowitz that someone in his department was leaking information. You commented on this yesterday, the April 30 *Miami Herald* piece.

The question is, did you ever call Oliver North concerning that story?

Mr. **Abrams**. I don't believe so.

Mr. **Cohen**. Why didn't you call Oliver North after the Secretary had asked you to monitor his activities? Here is a direct allegation that he was acting in violation of the law, and you not once called Oliver North to say, "Is there any truth to this story in the *Miami Herald?*"

Mr. **Abrams**. Let me just read something, if I could, take me one second. My notes, September 4, 1985, of a meeting with the Secretary. "One, monitor Ollie; two, report to the Secretary on the effectiveness of the Contras; three, diplomatic track, very important, keep alive; four, economic aid, move everywhere but Nicaragua; look at our economic resources, get more mileage, sense of momentum, private investment, economic development."

Monitor Ollie is one line in a very large book. It was not what I was supposed to do first thing every morning. I did, in fact, with respect to illegal activity, as I testified yesterday, ask him about whether he was doing anything violative of the law, and I dealt with him pretty regularly.

What concerned me about this was that it was not the first time that I had read about or heard about intelligence officers of the Department talking to the press in this way, which they are not supposed to do. That was my concern for that morning. Monitor Ollie is not an activity that is to be conducted on a 45-hour-a-week basis.

Mr. **Cohen**. But if there were rumors being circulated on a 45-hour-a-week basis about his activities, you didn't feel compelled at least to determine what exactly he was doing?

Mr. **Abrams**. I was in pretty regular contact with him, and for all I know, I did ask him about that. I have no memory of asking him about that, and my concern was, first of all, the Secretary did not say to me "monitor your deputies and monitor your Ambassadors," but that was my real job, because I am a State Department officer. I don't supervise the activities of the NSC officials.

My concern here is what looked to me like an untoward act by somebody supervised in my building.

Mr. **Cohen**. It was number one on your list in terms of activities to be conducted.

Mr. **Abrams**. No, sir, it was number one in terms of questions I happened to ask him, in whatever order, that day. I assure you that the conversation with the Secretary that day—you can ask him about it—about Colonel North was a lot briefer than any of the other conversations.

Mr. **Cohen**. The Secretary is not known as someone who makes judgments lightly about people; I mean he is a fairly substantive man, right?

Mr. **Abrams**. Yes, sir.

Mr. **Cohen**. And he would not pass judgment without some justification on an individual. Is that right? Yes or no.

Mr. **Abrams**. Yes, sir.

Mr. **Cohen**. OK.

Now, Secretary Shultz didn't have much contact with Oliver North, not as much as you did.

Mr. **Abrams**. Certainly not as much as I did.

Mr. **Cohen**. He came to some conclusion, at least, that this individual was a loose cannon, right?

Mr. **Abrams**. Yes, sir.

Mr. **Cohen**. You felt that was entirely improper, or at least not a fair assessment of Ollie North?

Mr. **Abrams**. I thought it was wrong.

Mr. **Cohen**. Now, because you saw nothing during your entire contact with him that would amount to him being classified as a loose cannon.

Mr. **Abrams**. On the contrary, I have given some examples yesterday of when he went through proper channels exactly as he should have.

Mr. **Cohen**. When you described his proposals about the Contras seizing a portion of land on the Atlantic Coast and then maintaining a last stand a la Alamo and then trying to bring the Congress into that, was that something to be described as a loose cannon proposal?

Mr. **Abrams**. If he had done anything about it, sure, but what he did about it was to raise it and talk about it, and then everybody who considered it said no, that is a bad idea.

Mr. **Cohen**. Said it was crazy?

Mr. **Abrams**. But it was not wrong for him to come up with ideas. That is not being a loose cannon. And put them through channels and ask people what to do about them. That is one of his jobs, I suppose.

Mr. **Cohen**. And his note——

Mr. **Abrams**. He was in the political-military division of the NSC.

Mr. **Cohen**. I understand.

And his note that was to Poindexter, that he had called Arias to tell him that unless he called off the press conference, they were going to shut off aid to Costa Rica; would that be a loose cannon activity for the fact that it occurred?

Mr. **Abrams**. Yes, sir.

Mr. **Cohen**. OK.

Were you aware of any other rumors to the effect that he was acting or had some other promise that would strike some as being less than responsible; seizing of terrorists and holding them hostage?

Mr. **Abrams**. I don't recall that one, but I was never involved in the terrorism side of his activity. It may be, if I can speculate for a moment, that the Secretary had come to the conclusion that he was a loose cannon because of his activities on the counterterrorism or Iran side, about which I knew nothing.

Mr. **Cohen**. When you testified before the Intelligence Committee, you were asked at one point, you explained why you didn't ask the CIA to investigate who was behind the arms shipment from a warehouse in Portugal.

"Why?" was the question. You said, "We wanted the Contras to succeed."

Do you recall that answer; why you didn't inquire from the CIA as to the arms shipment coming from the warehouse in Portugal?

Mr. **Abrams**. The CIA told me that they had, in fact, investigated the arms shipments and were able to trace it to a warehouse, warehouses, or warehouse in Portugal, but could not trace it beyond there.

The question had been answered. They said they could not.

Mr. **Cohen**. The problem I have is that not only, I wasn't citing the Evans-Novak piece, to show that two journalists have egg on their face, because we have egg on our faces.

Mr. **Abrams**. We all do. I certainly do.

Mr. **Cohen**. You do, we do, the administration does. I would even say Secretary Shultz does; right, correct?

Mr. **Abrams**. Well, I won't comment on that. I think that is really inappropriate of me.

Mr. **Cohen**. Well, the reason I raise it is because you made a very emphatic point yesterday about the fact that not only did you come to Congress to explain the situation, you even went to Secretary Shultz, and you made that point several times.

What we have is a story of betrayal by a number of people. Do you feel betrayed yourself having given this testimony and not have been corrected for a period of three weeks?

Mr. **Abrams**. Yes, and for other reasons.

Mr. **Cohen**. But you were actually, does Secretary Shultz fall in that category because he didn't inform you either about a prior contribution from Country Number Two; right?

Mr. **Abrams**. Of course he doesn't.

Mr. **Cohen**. He didn't tell you?

Mr. **Abrams**. He didn't tell me.

Mr. **Cohen**. Right.

So here you were testifying before the Intelligence Committee that there were no foreign contributions, no solicitations, when, in fact, the Secretary of State, for whom you work directly under him, didn't tell you that, in fact, there had been a $32 million contribution?

Mr. **Abrams**. If he believed it.

Mr. **Cohen**. If he believed it?

Mr. **Abrams**. Yes, I can't testify as to the Secretary's knowledge.

Mr. **Cohen**. The fact of the matter is he was told at least in June 1986, by Bud McFarlane?

Mr. **Abrams**. As I recall, Mr. Dawson, of the Tower Commission staff asked, did I know that McFarlane, out of office, had called Secretary Shultz, said "Hello, there was a $31 or $32 million contribution from the Saudis"; click; hang up.

I don't know whether the Secretary believed that or not. I can't testify as to his state of mind.

Mr. Cohen. Let me offer just a couple of observations that came to me yesterday. It has to do with the formulation of foreign policy in the country and what has taken place.

I found it interesting, for example, that both you and General Singlaub thought that Eden Pastora was somebody worth holding on to. That he could, in fact, provide effective leadership for the Contras, which was in direct contradiction to what Ollie North and the CIA held as a view?

Mr. Abrams. Yes.

Mr. Cohen. So the two of you, in essence, are working at cross purposes, because you were encouraged to hold on to Pastora to see if you couldn't get him back in once the $100 million came through.

I found a rather remarkable comparison between that, because the CIA also had a distrust of Mr. Ghorbanifar, saying he was totally unreliable, yet the NSC then decided he was a reliable source.

These are two comparable situations in which we have high level officials within the administration working at complete cross purposes.

I suspect that that is one of the major areas that we will find of this entire fiasco—about not having any coherent foreign policy. I think it is really a story betrayal.

Obviously Ambassador Tambs didn't tell you what he was doing; right?

The CIA betrayed you, didn't they? They sat next to you in front of the Senate Intelligence Committee, sat right beside you as you made your statement and they knew what you were saying was not true?

Mr. Abrams. I really don't know whether that is true. I mean Mr. George made the statement, and there is no way of knowing what he knew at the time.

I don't know what he knew.

Mr. Cohen. Did the Central American Task Force agent know what you were saying was untrue?

Mr. Abrams. I don't know.

Mr. Cohen. Were you betrayed by either of those gentlemen?

Mr. Abrams. No, sir.

Mr. Cohen. Oliver North betrayed you?

Mr. Abrams. I said yesterday, and I will say it again, I don't think it is fair to draw——

Mr. Cohen. Just——

Mr. Abrams. I have had a million unfair conclusions drawn about me. Let's give everybody a chance to state their case.

Mr. Cohen. I am asking whether you felt betrayed by him?

Mr. Abrams. At times.

Mr. Cohen. OK. And ultimately, the White House betrayed you because they were in possession of knowledge about solicitations, and left you out there "giving the White House line" for almost 3 weeks. Right?

Mr. Abrams. Yes.

Mr. Cohen. Thank you, Mr. Chairman. That is all I have.

Chairman **Inouye.** Chairman Fascell?

Mr. Fascell. Thank you, Mr. Chairman.

Mr. Abrams, you testified yesterday, and I want to try to do this, by the way, without indicating one way or the other whether I am for you or against you. We have worked too long together, but I am going to ask the questions anyway, because I have that responsibility.

You testified yesterday that you did not tell the congressional committee about this contribution coming in from Brunei, and you did that because you were not authorized to disclose the information; is that correct?

Mr. **Abrams**. Yes.

Mr. **Fascell**. So I am compelled to ask you, are you under any strictures, guidance or direction as you have appeared before this committee?

Mr. **Abrams**. To tell the truth and to tell everything, and no other strictures.

Mr. **Fascell**. Well, now, that is not an authorization. You don't mean to imply that.

Mr. **Abrams**. That is right.

Mr. **Fascell**. It is not a directive. Do you mean the Secretary of State had to tell—authorizes you to tell the truth?

Mr. **Abrams**. No, sir. I just mean that the only thing that the Secretary said to me about the testimony is just, go on up there and tell the truth.

Mr. **Fascell**. Just trying to make it abundantly clear that there are no reservations here, and no instructions and no strictures of any kind?

Mr. **Abrams**. That is right. None.

Mr. **Fascell**. Now, answering and discussing, or answering, I am not sure which, the question about what you would do over again—and the little colloquy with Mr. Broomfield,—you did a lot, you said a lot of things about what you would do over or undo, or whatever.

Was one of those, as I recall it, that you would not have the administration advocating a public policy on one hand, and implementing a private policy on the other?

Mr. **Abrams**. Absolutely.

Mr. **Fascell**. How about running a major foreign policy program when there is not broad-based bipartisan support in the Congress of the United States or of the American people.

Mr. **Abrams**. It is the $64,000 question, Mr. Chairman.

Mr. **Fascell**. But it is a very important philosophical and political question.

Mr. **Abrams**. But, look, we went——

Mr. **Fascell**. In other words, would you take your chances?

Mr. **Abrams**. Well, we went to Congress and got a majority in both houses for the $100 million program, and now we are implementing it pursuant to the Constitution of the United States. We don't live in plebiscitarian democracy, we live in a representative democracy.

God knows we fought a bloody fight, we won in both Houses, and now we are implementing the program. Is that wrong?

Mr. **Fascell**. No, I think it is great.

At least, you admit that the Congress has a right to act on the program, provide the money and be a partner in the process.

Mr. **Abrams**. Congress has to be. The system does not function unless the two branches work together. I think the problem here is a greater problem. The two branches in a sense work together. We went to the Congress, we got approval for this program by majorities of both Houses, but there is not widespread popular support.

So, what do we do? You voted for it despite that lack of support.

Mr. **Fascell**. Well, because I believe in supporting the Contras as part of a policy, and I probably will again, but that doesn't change the fact that you can't drive a major foreign policy when you have only a narrow range of support in the Congress, and it is not strong and not bipartisan, you run into trouble.

It is OK to blame the Congress because we do this one week and something else next year.

Mr. **Abrams**. I don't blame the Congress. I think in fact, this is a remarkable thing that Congress did. We all know the opinion polls, opinion polls show a lack of public support.

Mr. **Fascell**. Absolutely.

Mr. **Abrams**. Congressmen are voting against public opinion in their districts for this program, because they think it is the right thing to do. I think it is a fascinating and extraordinary thing.

People are voting against public opinion in their district to support this program.

Mr. **Fascell**. Well, you see that raises and keeps raising the question over again that if you can't take your chance with the American people and the Congress, why would you want to drive a foreign policy through some secret process that bypasses every known check and balance and institution of government?

Mr. **Abrams**. I think I would associate myself with the remarks Mr. McFarlane made testifying here.

Mr. **Fascell**. All right.

Mr. **Abrams**. That is that you can't ultimately do it this way. The requirement for resources is too great, the need for public support is too great. You can't do it covertly.

Mr. **Fascell**. One more philosophical and political question and then we get to some nitty-gritty. In this discussion about if I had it to do over again, you see I don't detect any change in our policy or strategy or you as the Assistant Secretary of State for Inter-American Affairs in charge of some policy that I don't know about right now with regard to the Contras?

Mr. **Abrams**. No, sir. You know all about it.

Mr. **Fascell**. Well, as I understand it then, let me restate the proposition that the administration has decided that regardless of whatever, they are going to come to the Congress on or about September or October for a vote on Contra aid; is that correct?

Mr. **Abrams**. Correct.

Mr. **Fascell**. And as far as I know, no effort has been made to get any kind of bipartisan input on the implementation of a new policy that might make the program broader based and more acceptable.

Mr. **Abrams**. The fundamental policy which is to promote the democratization of Nicaragua and peace in the region and puts pressure on the Sandinistas, economically, diplomatically, typically and through the Contras has not changed. That is still our policy.

Mr. **Fascell**. Now I would like you to refer to exhibit 46A in your book. That is your testimony. I know you testified 8, 10, 12 times, whatever it is. This one is because it is before the Foreign Affairs Committee, and specifically the Western Hemisphere Affairs Subcommittee on October 15, 1986, and in that hearing Congressman Levine referred you to several news reports alleging that Contra funding was coming from a Middle Eastern country and indicated Assistant Secretary Murphy had given clear and flat denial to that allegation.

When you were asked about Mr. Murphy's denial, you said, well, first, Secretary Murphy told you what is true. There have been no arrangements with those characterizations. You find that quote?

Mr. **Abrams**. Yes, I see where you are.

Mr. **Fascell**. After referring to the Pell amemdment you went on to say, "I pick up the paper every morning and people say the CIA was involved in this. If they know what . . ."—this is a curious statement—"If they know what they are talking about then they are lying." Now, Mr. Abrams.

Mr. **Abrams**. The second "they" refers to the CIA.

Mr. **Fascell**. Mr. Abrams, it seems to me that people that you are accusing of lying in that statement were not lying.

Mr. **Abrams**. Well, no, wait a minute. What the statement says is that essentially that says CIA has denied any involvement in this—if the denials were false and the people doing the denials, knowing they were false, were lying and the question remains whether the people made those denials knowing those denials were false, I don't know the answer to that.

Mr. **Fascell**. OK, you are the Assistant Secretary, I'm not. Further on you say in response to a statement by Congressman Levine that, "I do not believe it is conceivable that such a thing could happen without my knowing about it, given my position."

It certainly is conceivable now, isn't it?

Mr. **Abrams**. Not only conceivable, it happened.

Mr. **Fascell**. And it did happen. Now, you went back, and this is not to be derogatory, but simply to put it on the record—you did not go back to that committee ever to correct that testimony, did you?

Mr. **Abrams**. I have testified since, but not in any direct sense, no. I think they are probably aware it was wrong testimony.

Mr. **Fascell**. During that period of time of October 5 to 23 on the Hasenfus matter, I am having a little trouble so I will try to go through here rather quickly.

I got the impression that, one, you were not informed; two, that cables were wrong; and three, that people were misinformed, that—there is a whole litany of reasons why, and yet it turns out—why you didn't know—and yet it turns out for some strange reason you became the administration spokesman for everything that was going on.

Mr. **Abrams**. I was the administration spokesman on this policy, still am.

Mr. **Fascell**. Was there a drawing of straws on this thing to stick you out there?

Mr. **Abrams**. The CIA does not do this, nor does NSC staff. The only ones who really speak publicly about these kinds of policy matters are DOD and State. On this policy, Central America, the real spokesman for this policy——

Mr. FASCELL. How about the White House? You said you checked with the White House to be sure that what you were saying was in line with what they wanted you to say?

Mr. ABRAMS. Yes.

Mr. FASCELL. That is normal, isn't it?

Mr. ABRAMS. It is.

Mr. FASCELL. So you said what the White House wanted you to say.

Mr. ABRAMS. I said what I had been saying, which they then approved. But if you go back to this period really and since the guy who was doing the testifying, when somebody from the administration had to testify, it was me. When somebody had to go on a talk show, it was me. When somebody had to be interviewed by newspapers——

Mr. FASCELL. I am inclined to agree, Elliott, with Senator Cohen; it looks like to me they hung you out to dry. But anyway, let's switch gears here a minute.

Did you know when you had lunch with Rich Miller on January 6, 1986, that he had a contract with the Department of State's Office of Public Diplomacy for Latin America to disseminate information prepared by your Bureau on the situation in Nicaragua?

Mr. ABRAMS. No. He didn't have a contract with my Bureau and I am not sure it is information prepared by my Bureau as opposed to the Office of Latin Public Policy.

Mr. FASCELL. Which you tried very hard to get rid of.

Mr. ABRAMS. I did not want to take over that office.

Mr. FASCELL. But it did come back to your shop notwithstanding.

Mr. ABRAMS. It did; I lost.

Mr. FASCELL. You delegated that to your close friend and adviser, your deputy, Mr. Kagan?

Mr. ABRAMS. He wasn't a deputy at that time; he was a special assistant. But that is essentially correct, yes.

Mr. FASCELL. Did you know Mr. Miller and Mr. Channell were targeting selected congressional districts for ad campaigns designed to influence targeted Congressmen on aid to the Contras?

Mr. ABRAMS. They told me, as I recall, that they were targeting kind of the Sun Belt.

Mr. FASCELL. That is me, I am in the Sun Belt.

Mr. ABRAMS. They had great faith in you, I am sure.

Mr. FASCELL. They already knew how I was voting and still didn't like it though—did they?

Why were you asked to look at the ads?

Mr. ABRAMS. They wanted my general opinion.

Mr. FASCELL. Did you give it to them?

Mr. ABRAMS. I thought they were pretty good. I didn't ever see the ads. I never saw a video casette of the ads. I just saw the storyboards.

Mr. FASCELL. Did you know that Miller and Channell were hiring pollsters and lobbyists to influence Congress through direct mail from grass-roots organizations?

Mr. ABRAMS. No. I was told they were doing an ad campaign on TV, period.

Mr. **Fascell**. So you didn't know about the campaigns, grassroots lobbying, et cetera?

Mr. **Abrams**. I knew about a TV ad campaign.

Mr. **Fascell**. Did you know that Prodemca was receiving money from Channell to run ads in selected newspapers?

Mr. **Abrams**. No. I didn't know they were getting any money from——

Mr. **Fascell**. Did you know that Robert Kagan, your deputy, was designated as the official representative of your Bureau to monitor IBC's performance on a $276,000 contract that began in October of 1985?

Mr. **Abrams**. Mr. Kagan took over in about April of 1986 as the Director of that office, and it was then his responsibility to monitor their performance on any contract they had with that office.

Mr. **Fascell**. Did you know it was being carried out without a signed contract?

Mr. **Abrams**. At a certain point in the spring, I think he came to me and said, they are working and they don't have a contract. This was then done—we then proceeded with the full participation of the legal adviser's office, and the State Department contracting office to close it out.

It was an interesting legal problem. They thought they had been told to do this work, and were doing the work, and now we were saying, we don't want you to do the work anymore.

We told the legal adviser's office, we think—I think the legal adviser's office told us they have a claim on you, on the Department of State, for payment of those services.

Mr. **Fascell**. Even without a contract?

Mr. **Abrams**. Yes, because it was probably either an implied or oral contract.

Mr. **Fascell**. That is because the contract was prepared later and back-dated?

Mr. **Abrams**. It wasn't back-dated. The dates on it were to cover the period since they had been told, not by me, that office was an independent office at that time, do the work.

Mr. **Fascell**. The contract was dated on the date the contract was put together, but it was retroactive for payment? In order to cover the differential.

Mr. **Abrams**. To the time when the State Department had, in fact, said to them, do this work. I just would say, I mean my role with respect to IBC was, I took over unwillingly the Office of Public Diplomacy, we looked at the contract and their services, and said we don't want this anymore, let's end it.

Mr. **Fascell**. I don't blame you, since they were working in Congressional districts trying to decide which Congressmen to get rid of. Did you know that the period between early 1986 and October 1986, when LPD was in your bureau, that during that period of time, IBC transferred millions of dollars to Swiss and Cayman bank accounts to provide military assistance to the Contras?

Mr. **Abrams**. I understood them to be doing one thing, an ad campaign.

Mr. **Fascell**. So, despite the fact you were speaking with these people and going to meetings with them, you never got an inkling about what they were doing?

Mr. **Abrams**. I met with them. I had lunch once, I gave a speech, met with them in the presence of the President of the United States, and had a few phone calls with them, and certainly there was never any inkling of what you are referring to—none whatsoever. Not only were we in contact with them, the State Department Legal Adviser's Office and contracting Office was in contact with them, and had no inkling of it, either.

Mr. **Fascell**. Well, somebody was certainly driving a tremendous campaign. I don't know who it was if it wasn't you.

Mr. **Abrams**. The ad campaign was the ad campaign. We didn't drive that. When they sat down to have lunch with me the first time I met them, they had apparently the ads and the money.

Mr. **Fascell**. That is just a political campaign to influence Congress.

Mr. **Abrams**. Well, to influence public opinion.

Mr. **Fascell**. See, the problem I have with that is I think up to a certain point, it may be all right, but when the same organizations through interconnections wind up getting contracts from the same Department, you are using some way or another by fungible funds you're using government dollars to influence and lobby the Congress by indirection if not direction, that is the problem with all of that.

Mr. **Abrams**. The Department of State had a series of contracts, long before my time, with a Mr. Gomez, who had been a Deputy Assistant Secretary of State and had gone out to be in public relations.

Ultimately, he joined or help found this firm, IBC, and the contracts were continued and we knew Mr. Gomez well. All this was before my Bureau had anything to do with it. What we did when we got hold of this, was to close it out..

Mr. **Fascell**. The problem we have with all of that and I appreciate your testimony is when we began investigating it in the Foreign Affairs Committee we had to issue subpoenas to get the information from the Department of State, and we still don't have it all. We don't know about all those secret contracts. We have no idea why they were classified secret. We have no idea why they were done or let without competitive bidding.

Mr. **Abrams**. There is a dispute between your committee and the Legal Advisers Office, and the Legal Advisers Office is handling this and tells me they think they are right and you are wrong.

Mr. **Fascell**. I understand that. We will have to fight that out. We have also been fighting on another front because the same Western Hemisphere Subcommittee got into the question of what happened to the humanitarian funds of $27 million. Despite subpoenas, innumerable hearings, GAO investigations and audits, they still haven't found out what happened to the $27 million.

That is not your fault, you are going to say, because that was not in your Bureau.

Mr. **Abrams**. It was in my Bureau. I take responsibility for the NHAO, but we do not have the view that covert activities are to be reported on to that subcommittee rather than the Intelligence Committee.

Mr. **Fascell**. You better tell somebody. It is going to be awful tough to come back to the Congress, or at least the Foreign Affairs

Committee, and try to get support for policy when we can't get the information upon which to make judgments about the policy, Elliott.

Mr. ABRAMS. I think that information is long available, Mr. Fascell. I don't agree with that.

Mr. FASCELL. See if we agree with this. You had a job to monitor Ollie, but now that you think about it you wish you would have done a better job.

Mr. ABRAMS. Well, sure.

Mr. FASCELL. Something about the information that you had from your Ambassador to Costa Rica either didn't give to you or he was bizarre or some other reason?

Mr. ABRAMS. I think my testimony on that was the use of the word, "bizarre," which I think is the right word, that when an ambassador has two lengthy meetings with an assistant secretary and says nothing about instructions from the NSC staff, gets a written letter of instructions from the Secretary and he then comes to you and says, "I knew that I was doing the right thing because of a hallway conversation of 2 minutes," that is bizarre.

Mr. FASCELL. I don't blame you for being aggravated, but after all you were "chairman of the RIG" and he said that he got his instructions from you, the RIG——

Mr. ABRAMS. No.

Mr. FASCELL. He assumed that you guys were up there meeting deciding what the policy is.

Mr. ABRAMS. He said he got instructions from Colonel North. Ambassadors of the United States do not get instructions from National Security Council staff members, they get them from the Secretary and the Department.

Mr. FASCELL. You won't get any argument from me about that. There was some confusion about what the RIG was doing. Now it turns out the RIG wasn't doing anything really.

Mr. ABRAMS. It was doing a lot.

Mr. FASCELL. It was coordinating.

Mr. ABRAMS. It was sharing information among the key players.

Mr. FASCELL. It wasn't making or driving policy, was it?

Mr. ABRAMS. No, sir. We don't have the right to make policy at that level.

Mr. FASCELL. So it would be bizarre to get instructions from RIG because RIG never issued any instructions.

Mr. ABRAMS. Correct. Never.

Mr. FASCELL. That's the point. I even suggested to Ambassador Tambs that the tone of your cablegram to him might have been a little bit of your nose out of joint because of the fact that he was going to somebody else to take his orders when he should have been taking them from you.

Mr. ABRAMS. The cable indicated an almost unbelievable pattern of behavior by the Embassy officials.

Mr. FASCELL. But the point is it is in your shop and you were alerted to the fact that something was going on.

Mr. ABRAMS. And every time I was alerted to that I acted on it.

Mr. FASCELL. You mean by that that Tambs got fired?

Mr. ABRAMS. No, I don't have the authority to hire or fire ambassadors.

Mr. **Fascell**. But you could recommend to the Secretary who does?

Mr. **Abrams**. I took this to the Secretary as soon as it happened, and it was his decision whether to try to seek to remove Ambassador Tambs, or not to.

Mr. **Fascell**. There was a question about the airstrip; whether or not you told the Secretary and that never got to him?

Mr. **Abrams**. There was nothing to tell.

Mr. **Fascell**. Some people think there was. There is a lot of conflict in testimony. You're saying it one way, somebody else is saying it the other way. Somebody is wrong.

Mr. **Abrams**. Ambassador Tambs is wrong.

Mr. **Fascell**. I don't want to characterize who it is.

Mr. **Abrams**. Ambassador Tambs is wrong on this.

Mr. **Fascell**. You know anyway, you didn't know about the private funding network, you were out there——

Mr. **Abrams**. We knew that the private funding network existed, as did the Congress.

Mr. **Fascell**. You were out there for 18 days by yourself saying something that wasn't so.

Mr. **Abrams**. That is true.

Mr. **Fascell**. All of this, unfortunate as it may be, is going to make it very difficult, it seems to me, to have some kind of cooperation, or understanding, or capability in working with the Congress on driving the policy, if you indeed now are, and still are charged primarily with driving the policy on Contra assistance.

Mr. **Abrams**. Well, I chair the interagency group, and I would characterize it that way.

Mr. **Fascell**. Well, it is more than just chairing the group, Mr. Secretary. You are going to have to come on the Hill and work with all the committees of Congress, if the administration's program is going to have a prayer of a chance.

Mr. **Abrams**. I think that is right.

Mr. **Fascell**. And I detect no effort for strong bipartisan support, I see where we are hung up with all of this question about your involvement, everybody else's involvement, the NSC and the CIA, and the State Department—and the policy issues, and we expect blithely to role up here in September and ask the Senate and the House to support a program which has some merit, in my judgment, but is extremely debatable by a great number of people both in the Congress and outside of the Congress.

Mr. **Abrams**. First of all, we made a decision some months ago not to go to the Congress until this phase of the hearings were over and we could assess what information came out. A lot of information has come out of these hearings and the depositions connected with it which is very new to us at the State Department.

But secondly I just want to say that while we all go through this you are still chairing that committee, I am still Assistant Secretary. We are still conducting business; we're still doing the work not only with respect to this policy but with respect to Latin America.

Ambassador Habib had a lengthy meeting about his trip to Central America, to the four democracies, on the question of keeping the negotiating track going. So the policy continues to be implemented while we are doing this.

Mr. FASCELL. I can't speak for you, but I can speak for myself. I have a great many reservations about how this policy is being driven and will be driven in the next several months even though I support aid to the Contras for a lack of a better policy to accomplish what it is we are trying to do, which is to keep the Communists from getting a hold in Central America. But I am not convinced that without broad bipartisan and public support and support in the Congress that you will be able to accomplish it.

It seems to me in this whole effort that we have been talking about throughout these hearings has almost destroyed the Contras.

Mr. ABRAMS. I share that fear, Mr. Chairman, and I hope it is wrong.

Chairman INOUYE. I wish to announce that a vote is pending in the House of Representatives at this time which accounts for the absence of some of our panel members. We will have a short recess of 5 minutes.

[Recess.]

Chairman INOUYE. The hearing will please come to order.

The Chair recognizes Senator Trible.

Mr. TRIBLE. Thank you, Mr. Chairman.

Mr. Abrams, Mr. Secretary, I understand the Sultan of Brunei loves the sea and naval ships, is that correct?

Mr. ABRAMS. I don't know.

Mr. TRIBLE. I read an interesting cable that is identified as exhibit EA-18 and would invite you to take a look at that with me. This cable, it appears, has been sent by our Ambassador in Brunei to you, to the Assistant Secretary.

Mr. ABRAMS. No, I think it would be to Assistant Secretary Sigur, who is his Assistant Secretary.

Mr. TRIBLE. Let's read this section. This was found along with the cables that reflect the conversations between you and the Ambassador and other representatives of our government and the government of Brunei.

Let me read paragraph four. "The"—and the name or title is deleted—"was cordial and seems pleased that this relationship has been established. I said that we deeply appreciate his understanding of our needs and his valuable assistance. I was pleased we would have an opportunity this week to see something of our commitment to the security of this region of the world, and I thought he would enjoy the program that has been arranged for him aboard the aircraft carrier USS"—name deleted. The name or title said that he was very much looking forward to the experience.

Do you know anything about this?

Mr. ABRAMS. Yes. In the late spring, May actually, when we were talking about soliciting a contribution from Brunei, we knew that the Secretary was going. We also knew that the Sultan was scheduled to have a carrier visit at some point, I guess in September maybe October that rough time period. The Ambassador actually urged that no solicitation should be made by the Secretary.

He also argued that no solicitation should be made until after the carrier visit. His view was that the relationship with Brunei was such that we needed to have a better and closer one before we could make any such solicitation. That is reflected in the cable traffic. He tried to slow down the process.

Mr. TRIBLE. So this took place before the solicitation?

Mr. ABRAMS. Which took place?

Mr. TRIBLE. The cable traffic and the——

Mr. ABRAMS. No. There is a cable that may even be here from the Ambassador in which he says, "I would not make such a solicitation right now, I would wait until the Secretary's visit is over, the ship visit is over," which had been long scheduled. The ship visit was not laid on. It had no relationship to this at all.

Mr. TRIBLE. When did the ship visit take place as it relates to solicitation for a contribution?

Mr. ABRAMS. The solicitation was August 8 and this would indicate that the ship visit was after September 16th, so 5 to 8 or 9 weeks later.

Mr. TRIBLE. Did the Sultan visit the ship?

Mr. ABRAMS. I can't swear to that. I believe he did. I believe he did visit a carrier.

Mr. TRIBLE. Was this a manifestation of the President's gratitude or a spontaneous happening?

Mr. ABRAMS. Neither. It was a long planned visit, as was the Secretary's visit, as part of having a relationship with a new country that wanted to have a relationship with us.

Mr. TRIBLE. So the deployment of our naval forces to Brunei and the visit by the Sultan to these ships was planned well in advance and had absolutely nothing to do with the solicitation of funds?

Mr. ABRAMS. That is correct.

Mr. TRIBLE. I am asking the right questions?

Mr. ABRAMS. You are asking the right question, and the answer is it was long planned, as was the Secretary's visit.

I would also say, I think it is not exactly accurate to say deployment of the ships to Brunei. They were in the area. They did not go to Brunei, as I recall.

Mr. TRIBLE. They were the South China Sea, correct?

Mr. ABRAMS. Yes, that is right, and he may have landed on the carrier in a jet. I just don't recall.

Mr. TRIBLE. That would have been a trip.

Mr. ABRAMS. Yes.

Mr. TRIBLE. Were those ships in any way diverted from their mission or purpose?

Mr. ABRAMS. No. In no way whatsoever.

Mr. TRIBLE. Well, we at least have learned, have we not, that there was something in all this for the Sultan of Brunei?

Mr. ABRAMS. He would have had the ship visit—the ship visit had been planned long before.

Mr. TRIBLE. All right.

Mr. Secretary, I think that you have been subjected to a rather thorough cross examination thus far. I think the points that need to be made have been made. And you have had an opportunity to respond.

Let me just comment briefly, if I may, on your testimony and kind of where I see us at this point.

I think your testimony demonstrates once again the sad consequences of the effort to take public policy private because of an absence of support on the part of Congress and the American people.

Without the proper checks and balances, people and events get out of control and the results, I think, are destructive.

When millions of dollars are placed in secret bank accounts, they provide a powerful incentive for abuse.

We have seen evidence of that. And we will hear more about that later in this day.

In your case, a man of uncommon ability and intellect trusted the wrong people, failed to ask the right questions, and misled the Congress.

It is tragic how these events from Iran to Central America have compromised good men, have endangered the very policies that you and so many others have fought hard to advance, and have obviously diminished the ability of Ronald Reagan to be a strong and decisive and successful President, the kind of President America needs.

I just hope that after everything is said and done, we can all learn something from this. I think the most important lesson that we might learn is that in a free society, the end doesn't justify the means.

I thank you.

Chairman HAMILTON. Mr. Cheney?

Mr. CHENEY. Thank you, Mr. Chairman.

Mr. Abrams, you have been through a long day, and I know we hope to finish today. Let me take a slightly different tact, if I might, in terms of questioning.

We have covered a lot of the detail. You have been extensively examined in terms of a lot of "who struck Johns" in the exercise. I look at this whole proposition and come away with a feeling that it does not reflect great credit upon either the Congress or the executive branch.

On the one hand, we have a Congress that made a finding, for example, in 1985, International Cooperation and Security Act, and I quote from it, "Finds among other things that the government of Nicaragua, aligned with the Soviet Union, has committed and refuses to cease aggression in the form of armed subversion against its neighbors in violation of the charter of the U.N., the Charter of the OAS, the InterAmerican Treaty of Reciprocal Assistance," et cetera.

Congress responds, while finding a serious threat in Central America, by passing the Boland amendment which in the minds of many simply provided a two-year grace period for the Sandinistas to consolidate a Communist regime in Nicaragua.

We repealed the Boland amendment last year, but Congress still appears to be ambivalent in terms of putting together a reasonable policy for Central America.

As late as yesterday, I believe, a committee of the U.S. Senate voted against, or to reject the provision of F-5 fighters to the Government of Honduras—clearly, the country most directly threatened by the massive military buildup supported by the Soviet Union in Nicaragua. So we still are a long way from having any kind of coherent approach here on the Hill.

The problem I want to ask you to comment on, though, is the administration's policy process during this period of time. It strikes me that if we take something as significant as the threat in Central America, knowing how deeply the President of the United States felt about that, and feels about it today, that somehow the normal policy processes or mechanisms that would be brought to bear to deal with that kind of problem and to decide upon a course of action never were engaged in this instance.

Are you aware of, or did you ever participate in, a session where the President's senior advisers sat around and said, "OK, the Congress has passed the Boland amendment, official U.S. aid has been cut off. What are we going to do now in Central America?"

Mr. **Abrams**. I did not. I was at that time Assistant Secretary for Human Rights and would not have been involved in such a discussion.

Mr. **Cheney**. Are you aware of any such meeting ever having been held?

Mr. **Abrams**. I am not. We have had such meetings, however, in the period that I have been here. We have had NSC and NSPG meetings asking, for example, about the question of whether to go for the $100 million. You might say the question of what to do in the May 16, 1986 meeting about the shortage of funds for the resistance. So I think there have been a number of meetings at the very highest levels.

Mr. **Cheney**. I would assume on something this significant and this important that the President would convene the members of the National Security Council, option papers would be prepared, subcabinet members at your level with responsibility would spend time analyzing and developing the options and doing a lot of preparatory work, and there would be an opportunity for the President's key advisers to present options to him in a sort of a broad comprehensive way, to decide upon what steps were required in Central America, and that would weigh all kinds of options.

But the thing that comes through time, after time, after time, with most of the witnesses we have had, is that kind of process never really occurred with respect to Nicaragua, at least until after the Boland amendment had been repealed. Is that a fair judgment?

Mr. **Abrams**. It may well be. It is just not a process in which I was involved at that point.

Mr. **Cheney**. But wouldn't you be involved given your current position?

Mr. **Abrams**. Now I would be, and am, and I can only say that the kind of discussion you are talking about certainly does take place in the Department. We have had lots and lots of discussions with the Secretary and Ambassador Habib about the overall policy, the negotiating track. How it all fits together, how the Contras are going. We have certainly been into that in great depth.

Mr. **Cheney**. Did that take place prior to the time you became the Assistant Secretary for Latin America?

Mr. **Abrams**. I just don't know.

Mr. **Cheney**. You don't know.

Mr. **Abrams**. I just don't know.

Mr. **Cheney**. We might ask the Secretary those kinds of questions, I suppose.

I recall in—and I want to come back and comment briefly and then I will finish. Congressman Fascell made, I thought, a key point in terms of the importance of broad-based public support. There was a time in 1985 shortly after humanitarian assistance was approved when several of us of my political faith on the Republican side went to the White House and met with the Senior Foreign Policy establishment in the administration that summer, and argued aggressively for a very public program of building support, trying to persuade the American people on the importance of having an intelligent policy in Central America.

And nothing happened. Of course, unbeknownst to us at the time, a private effort was underway and third countries were being solicited for funding. As you mentioned earlier as well, and cited Bud McFarlane's testimony, there was a tendency in effect here to go ahead and opt for what appeared to be a easy way at the time, private covert activity rather than the hard work of slugging it out to build public support.

The next time I heard about anything on the subject was 6 months later when you came and visited my office and that of a great many other Members and began to put together the effort that was ultimately successful.

I, for one, want to thank you for your efforts over the years. I think your leadership in helping us turn around the Congress on the issue has been important. I think that this is an opportunity for you to learn, if anything for all of us to learn, how not to conduct U.S. foreign policy, and I do personally believe you have an extremely bright future in the public arena in the United States.

I think you have a lot to contribute, and I wish you well in the years ahead. Thank you.

Mr. **Abrams**. Thank you.

Chairman **Inouye**. Senator Rudman.

Mr. **Rudman**. Thank you very much. Mr. Abrams, like my colleague, Congressman Cheney, I don't want to discuss facts and conflicts. There are some enormous conflicts in testimony before this committee both already and others to come, and each person of this committee and each person in the country will have to resolve those conflicts in their own way and, however, that turns out really is something that we will never decide here.

So I would rather ask you some questions about process which I find difficult to really comprehend. You said yesterday, and I think I am quoting you accurately. "There are things I didn't want to know as long as they were legal."

Do you recall saying that?

Mr. **Abrams**. Something to that effect, yes.

Mr. **Rudman**. You know I find that a difficult statement to comprehend. How could you possibly know if they were legal if you didn't know what they were? I don't understand that. It just doesn't make any sense to me at all, knowing your background.

Mr. **Abrams**. Well, the answer has two parts. First of all, you just can't function at all unless you put trust in your colleagues and I did that in all my colleagues. You just—you cannot function if you ask somebody a direct question and the answer you get is pretty direct, you have to really rely on that.

But in addition I tried to explain yesterday that we were in a position, I think, in which we were damned if we did and damned if we didn't because I know, I thought about whether I would be accused of facilitating General Singlaub's work if I met with him. I met with him. I didn't do anything for him. I am accused of it. I bet if I had said to Colonel North, "Do you know the names, the actual names of benefactors?" And, assuming the answer was, yes, "Tell me the names. I just want to know the names." And he would have told me and not that he had had anything to do with them, but just that he knew the names—that I would sit here today, and I would be accused again of facilitating that. So we were caught.

Mr. Rudman. It seems to me you were operating on the general theory, for better or for worse—I happen to think for worse—it was the old adage, curiosity kills the cat, and, in this case, the cat would have been Elliott Abrams. I think that is what you are saying.

Mr. Abrams. What I am really trying to say is we were in a legislative and political situation where almost anything you did and anything you didn't do, it was just so controversial you could hardly make a move without knowing somebody was going to lower the boom.

Mr. Rudman. I accept your answer. I think you made it clear, but let me get down to a specific. I find an incomprehensible lack of curiosity on the Hasenfus affair, particularly since the Secretary of State was relying on your judgment, your personal reputation as well as the reputation of the Government was at stake; you knew that whether you trusted Oliver North or not—and we have not heard from Oliver North, I expect we will—but you know North is a fellow who, according to your testimony, has some scheme to have a Khe Sanh or Alamo type action in Nicaragua that there would be tremendous losses, and then this would galvanize public opinion as the news came in every night.

I mean, Mr. Abrams, when the Hasenfus affair occurred, you are, if you are anything, savvy. You are tough. You are bright. You showed a remarkable lack of curiosity with North as to asking him not just, "Ollie, do you know," but close the door and figuratively put him up against the wall and say, "North, I have to know what the truth is here," and push him and push him and push him.

If you had done that, and he continued to not disclose to you, and then you could feel more comfortable here. You relied on a cursory examination of this man knowing by your own statement that he, more than anyone else in the government, knew what was going on with the private network.

How do you explain that? I have difficulty with that.

Mr. Abrams. I think, Senator, first of all, the day this happened, we did contact the NSC, CIA, and frankly I am not sure about DOD, I suspect we did, and I know the NSC staff did contact DOD.

But with respect—I think you are playing the movie backwards from the end. You know the end, and I know the end, now we know what happened, now we know what I should have done.

But I didn't know then what I should have done, and I didn't know any of this and now it has all come out and it is really rather incredible and it keeps getting more incredible as the days go by, and as more evidence came out.

Mr. **Rudman**. It is going to get more incredible by the end of this week, I can assure you.

Mr. **Abrams**. But I was not at the end of the movie. I was in the middle of the movie, and I didn't know the ending.

Mr. **Rudman**. Well, you know that is your answer, I find it still difficult to understand, knowing you. I can think of a lot of people in government that I would believe could have that ball thrown by them at high speed, but to put it in the parlance of football, Oliver North ran around you, he ran under you, and he ran over you, and I find it rather difficult to understand why it took you so long to decide that he had betrayed you, and I understand your reluctance to say that, but you certainly were betrayed.

If you are telling us the truth about your representations during that 18-day period, and I happen to believe you are telling us the truth, you were horribly betrayed. I think hanging you out to dry is putting it politely, Mr. Abrams.

Mr. **Abrams**. Well, I don't know what to say, Senator. I think that at the time, you know, you try to find out what is going on. It is not—maybe I can just say this. You don't, with the people that you are dealing with, go to them every morning and, as you said, put them up against the wall. You rely on the normal, daily——

Mr. **Rudman**. This is not every morning, this was after a major incident, Mr. Abrams. I am talking about one major incident. The plane is shot down, the President's credibility is on the line, the Secretary's credibility is on the line, I mean knowing Elliott Abrams as I think I know him, I think I would think Elliott would have gone down there and raised the devil.

Mr. **Abrams**. Well, we went right to the people who are supposed to know about this, which is to say the CIA Task Force, and Colonel North's office. That was the first thing we did, and we got denials, and so as—there is a PROF note from Bill Perry at the NSC staff to Poindexter saying exactly the same thing.

Having the denials, we ran with it.

Mr. **Rudman**. Mr. Abrams, my time is up, but I am going to ask you one last question, with the chairman's indulgence, if I may, Mr. Chairman? I think it is an important question in terms of what we are doing here.

You are a graduate of Harvard College?

Mr. **Abrams**. Yes, sir.

Mr. **Rudman**. London School of Economics?

Mr. **Abrams**. Yes.

Mr. **Rudman**. Harvard Law School. You worked for two of the most distinguished members of this body, the late Henry Jackson, and my present colleague Daniel Patrick Moynihan. You are, I believe, the youngest Assistant Secretary of State in history, am I correct?

Mr. **Abrams**. Well, since then, others have come along who are younger.

Mr. **Rudman**. With that background, with the literally hundreds of thousands of young Americans in classrooms today who are required to watch these hearings as an assignment who are studying political science, who are studying public policy, do you have something to tell them?

Is there a lesson in all this for Elliott Abrams? What did you learn?

Mr. **Abrams**. The first thing, I think, is how incredibly difficult it is to do your job right under the best possible circumstances. The second, I guess, is how much more difficult it is to do it in a policy area where there is a tremendous amount of heat and controversy.

And the third, I guess, is that there is just no such thing as being too careful, and there is such a thing as being too clever.

Mr. **Rudman**. Did you also learn, Mr. Abrams, that maybe zealots cannot be trusted?

Mr. **Abrams**. Yeah.

Mr. **Rudman**. Thank you very much.

Chairman **Hamilton**. Mr. Foley?

Mr. **Foley**. Mr. Secretary, just to take you back for a moment to the testimony of General Singlaub, who suggested that in the spring of 1986, he briefed you on a trip he had made in January 1985, a little over a year earlier, to solicit funds for the Contras from Countries Three and Five. Do you recall him briefing you in the spring of 1986, on that January 1985, trip?

Mr. **Abrams**. No. I think he briefed, perhaps, Mr. Melton.

Mr. **Foley**. OK.

Mr. **Abrams**. The only conversation the General and I had before his trip to Asia involved—he came to my office and talked about Pastora, and then the next contact directly between the General and I was his phone call to me from Asia. In the interim he talked only to Mr. Melton.

Mr. **Foley**. Was this meeting in your office in the area of May 1986?

Mr. **Abrams**. The meeting was April 24.

Mr. **Foley**. April 24. And it is your recollection that he did not tell you at that time about any trip that he had made in January 1985, to solicit funds from Country Three and Five?

Mr. **Abrams**. That is correct, but he told, I believe, Mr. Melton—the memos are in here—I believe he told Mr. Melton that he had tried and failed to get foreign contributions.

Mr. **Foley**. Did he tell Mr. Melton, do you know, that his effort was to solicit funds for lethal assistance?

Mr. **Abrams**. I don't think he—I don't think he said. I think that is a reasonable assumption. I don't think he made the distinction.

Mr. **Foley**. He also, General Singlaub also testified before this committee that he informed you of his proposed solicitation for Contra aid to Countries Three and Five in the spring of 1986?

This apparently is the same meeting he told you he was about to make a further solicitation. Do you recall that?

Mr. **Abrams**. No, he told Mr. Melton that, I think. I recall that he testified that, but I think that his memory was inaccurate on that point.

We talked about Pastora. Then he talked to Mr. Melton about solicitations. Then he talked to me about solicitations from Asia.

Mr. **Foley**. But not in your office and not prior to his departure?

Mr. **Abrams**. Correct.

Mr. **Foley**. And I believe if this has already been covered, I assume your answer is the same.

He testified that you told him at this time in the spring of 1986 that after his visit you would give a signal of U.S. approval of that solicitation and your testimony is that you did not have such a conversation prior to his trip with General Singlaub?

Mr. **Abrams**. That is right, we talked about Pastora, we didn't talk about soliciting. He had those conversations with Mr. Melton.

Mr. **Foley**. To your knowledge——

Mr. **Abrams**. Let me say when I say he had them with Mr. Melton, Mr. Melton was the kind of messenger, you might say. He was talking to Singlaub on the phone or maybe once in person, and conveying the substance of those back to me.

I don't mean to say that I was not fully informed. But physically he was not in contact with me. He was talking on the phone or in person with Mr. Melton.

Mr. **Foley**. Do you find it surprising that a man, whose judgment you trust and whose word you accept, would be so confused about who he met with as recently as a year ago and who he spoke to?

Mr. **Abrams**. No.

Mr. **Foley**. You don't——

Mr. **Abrams**. I will tell you why. I testified to the Tower, I met with General Singlaub two or three times, I spoke to him about solicitations on the phone when he called me from Asia.

He testified here and he said, no, he talked to me in his office. I assumed that is right.

His memory must be right. It is not my memory, but I guess that is what happened.

Mr. Pearson mentioned to me, boy, you don't have much of a memory. I mean, how can you not remember that?

I say that is not what I remember. It happens that these committees have taken the sworn deposition of Mr. Melton—and he said what happened. And he said it was exactly what I told the Tower Commission. So I would have to tell you, I think my memory is right.

I think the general slipped, and I don't think that it is very surprising. It is a long time ago.

There were a lot of contacts. There was a meeting with him in my office before and after.

There were phone calls, one to me, a couple to Melton. I don't think it is so surprising.

Mr. **Foley**. I don't want to argue about it. I accept your answer. I am a little troubled by your saying it is a long time ago. It was allegedly April 24, 1986.

Mr. **Abrams**. Yes.

Mr. **Foley**. That is not very long ago.

Mr. **Abrams**. Well, it is a year.

Mr. **Foley**. Let me ask you again, you testified that you observed Colonel North operated through normal State Department channels. Is that correct?

Mr. **Abrams**. Yes, through the proper channels, I thought.

Mr. **Foley**. That would be normal State Department channels, is that what you refer to?

Mr. ABRAMS. I mean, when there was something that involved the State Department, it seems to me that he came to me.

Mr. FOLEY. You also testified that one country you considered soliciting for assistance in 1986 was Venezuela.

Mr. ABRAMS. Not really that I considered it, but rather that when we started narrowing down the list to oil producers, there was non-Arab producers, there aren't all that many, one was Venezuela, and I know Venezuela, it is in my region, it wasn't going to give money clearly, so that goes off the list. We didn't consider it because I was clear in my own mind that it wasn't going to happen.

Mr. FOLEY. So your decision was that it was not a likely country for solicitation?

Mr. ABRAMS. Correct.

Mr. FOLEY. And you did not, in fact, yourself solicit any assistance from Venezuela?

Mr. ABRAMS. No, no, I just—it was just clear to me, I had had conversations with the President of Venezuela on our Central American policy. I knew how he felt about it, and I knew he would never countenance such a proposition.

Mr. FOLEY. You also testified that you were not aware of Colonel North's direction of any private resupply activities.

Mr. ABRAMS. That is right.

Mr. FOLEY. Are you aware of any approaching of the U.S. Embassy in Venezuela or of the Venezuelan Government by Colonel North or other individuals in connection with the resupply?

Mr. ABRAMS. I am not.

Mr. FOLEY. Venezuela is, of course, in the area of your responsibility.

Mr. ABRAMS. That is right.

Mr. FOLEY. Are you aware of any cable sent by Colonel North to the U.S. Embassy in Caracas asking for their assistance in obtaining the sale of C-123s for the resupply effort?

Mr. ABRAMS. I don't recall any such cables. Such a cable in normal procedure should have been—he shouldn't have sent such a cable. We should have sent such a cable. I can't remember such a thing.

Mr. FOLEY. If he used State Department channels to send such a cable to Caracas, you would normally be made aware of that, would you not?

Mr. ABRAMS. I should be, yes sir.

Mr. FOLEY. And if the Embassy in Caracas received such a request from Colonel North, a request to intervene with the Venezuelan Government to support a sale of C-123s from the Venezuelan Air Force to private benefactors or others for the Contra resupply effort, you normally would have received such a cable informing you of that from the Embassy in Caracas?

Mr. ABRAMS. Should, absolutely.

Mr. FOLEY. That would have been a matter of significance in the normal business of the Embassy to receive such a cable if it took place?

Mr. ABRAMS. It would be, yes, it would be. I should have heard about it, because it is a touchy matter.

Mr. **Foley**. If, in fact—I understand this is a supposition—but if, in fact, such a cable was sent by Colonel North to the American Embassy in Caracas, Venezuela asking for their intercession in the sale of 123s to the democratic resistance or private benefactors for their resupply effort and you were not informed by the Embassy in Caracas of such a contact, would you consider that to be a dereliction of their responsibility to you in the formal chain of command in the Department of State?

Mr. **Abrams**. If all of this happened, and I don't recall it happening, the answer to your question is yes. They don't work for the NSC. They work for the State Department.

Mr. **Foley**. But it is your testimony again that you know of no such cable by Colonel North or the receipt of any request by the Venezuelan Government or the Embassy of the United States in Venezuela concerning the possible sale of Venezuelan 123 aircraft to the resupply effort or to persons involved in the effort of resupply?

Mr. **Abrams**. We are talking about the period of July 1985.

Mr. **Foley**. About the period in the fall of 1985?

Mr. **Abrams**. When I am in the current job. I just cannot remember any such thing and if it went through the State Department, it should have come to me.

You know, it probably should be sensitive enough to come to me as an individual rather than just coming into the Bureau and if it came to me, I don't remember it.

If it went to the Embassy without coming into the Bureau, the Embassy should have informed the Bureau of it.

Mr. **Foley**. Let me ask a final question. I know again it's just a supposition and my time is up, but I just want to clarify this. If such a cable exists, and it was sent to the Embassy and received by the Embassy and it was not reported to you for approval or for information, this would be a case of a dereliction of responsibility by the Embassy in Caracas, in failing to inform the Assistant Secretary responsible for the region. Is that your opinion?

Mr. **Abrams**. I have to say yes to that.

Mr. **Foley**. Thank you.

Chairman **Inouye**. Senator Boren.

Mr. **Boren**. Thank you, Mr. Chairman.

Mr. Abrams, I gather that in response to the last question of Senator Rudman about lessons that you have learned that you would pass on to those students who might be watching you said you had also learned that you could be too clever.

You meant by that that you had learned that it was always right and wise to tell the truth; is that correct?

Mr. **Abrams**. More than that. I really haven't referred to November 25th, that is, to try to lay things out rather flatly.

Mr. **Boren**. To not only tell the truth literally, but to also make sure that you are conveying the right impression of what is going on?

Mr. **Abrams**. Conveying the right impression and conveying a full picture.

Mr. **Boren**. You mentioned your return before the Senate Intelligence Committee on December 8. Is it correct to say that you have given us the impression in your testimony yesterday that you wanted to come back or that you requested to come back to the committee on December 8th and that you, when given the first opportunity on December 8th, since that that was first appearance back before the committee, that at the first opportunity at that meeting, that you rendered an apology to the committee for leaving a wrong impression from your earlier testimony; is that correct?

Mr. **Abrams**. No. What I wanted to do was to convey the information about the solicitation not by meeting with the committee, but by telephone to the chairman, the ranking member, and Senator Bradley.

The December 8 meeting was not my idea. It was the committee which called me back.

Mr. **Boren**. The committee which summoned you to testify under oath and required you to come back? Is that correct?

Mr. **Abrams**. Exactly.

Mr. **Boren**. When you came back before the committee, and you got into a discussion with Senator Bradley, Senator Eagleton and others before the committee on that date about the wrong impression that had been left in the answer to the questions earlier, when you started having that discussion with Senator Bradley and Senator Eagleton, did you render an apology then?

Mr. **Abrams**. No, sir. I didn't feel there was anything to apologize for until I saw the testimony.

Mr. **Boren**. As they began to read the testimony back to you, did you voluntarily render an apology then?

Mr. **Abrams**. As they began to, no. Frankly, I was stunned by some of the testimony. I had no memory of——

Mr. **Boren**. Isn't it true that you continued to defend your earlier testimony just as you have defended it here by saying such things as, "You asked me about the Middle East and, therefore, I didn't think I needed to mention the solicitation to Brunei?" I believe that's what Senator Bradley said.

You defended your statement we are not in the fundraising business by saying that you thought they meant fundraising by the Contras instead of fundraising for the Contras?

Mr. **Abrams**. I would only disagree Senator to say I didn't think I was defending that testimony yesterday, but rather saying that it was bad testimony.

Mr. **Boren**. So it is not correct that you were giving us the impression yesterday that you came before us on December 8 in a contrite manner having worried about this between November 25 and December 8 and that you came with the full intention to, in essence, apologize to the committee for leaving the wrong impression? That's not the way it happened.

Mr. **Abrams**. That it not the way it happened. I wanted to inform the committee about the solicitation, but until I saw the testimony and thought about it I did not really think I had anything to apologize for.

Mr. **Boren**. A third of the way through a rather lengthy hearing after you had debated quite vociferously with Senators Eagleton and Bradley about the fact that you had been truthful, I said, "But, Elliott, in terms of your credibility and your future credibility before this committee, this kind of splitting of hairs and the possibility of leaving wrong impressions is a tragic mistake. It just is, because in the future, people will always ask the question, was he splitting hairs, were they being technical, were they stopping just short of giving information and allowing the wrong impression to be created?"

That was the beginning of the discussion we had in which I advised you that I felt it would be appropriate for you to express regret at the past testimony; isn't that correct?

Mr. ABRAMS. That is correct. I think I should say while you have the testimony in front of you that in particular the exchange between me and Senator Eagleton, and I sure did defend myself from the accusations he lodged against me—when he was making those charges, apologies were not on my mind. What was on my mind was defending myself from what I thought was outrageous.

Mr. BOREN. The apology just for the record actually occurred on page 83 out of 116 pages of transcript.

Mr. ABRAMS. I believe after a break in which we actually had a conversation in the anteroom——

Mr. BOREN. I think I advised you again that I thought an apology was in order to the committee.

But I am afraid that the impression was created yesterday that you had been worrying between these hearings, and that you came that day with a heavy heart, wanting to render an apology to the committee, and I have to say that your apology did not come until near the end, after very heated exchanges, and after you had defended the fact that you had told the truth. Because you were directly asked, did you solicit any Middle Eastern countries, and you said, no, because Brunei is not in the Middle East by your definition. Then you said we are not in the fundraising business, and you later explained that you thought it was in reference to fundraising by the Contras rather than for the Contras. Isn't that correct?

Mr. ABRAMS. Yes.

Mr. BOREN. And that did leave the wrong impression, you've already admitted that. Your testimony on the November meeting left the wrong impression, did it not?

Mr. ABRAMS. Oh, sure.

Mr. BOREN. I come from a part of the country where people like to leave their doors unlocked, and where they don't have to enter into written contracts, where they seal agreements on a handshake, and they don't engage in legal technicalities.

Could you explain the difference that you think there is between knowing that you have left a false or wrong impression and lying, to use an old-fashioned term?

Mr. ABRAMS. I think lying, I mean a deliberate effort to mislead people, to a deliberate effort to leave them with a misleading impression.

Mr. BOREN. So it is deliberate. So you did not intend to leave the impression with the committee that no one at the State Department, including yourself, has been engaged in any kind of solicitation from anyone anywhere in the world on behalf of the Contras? You didn't intend to leave that impression?

Mr. ABRAMS. The impression I intended, what I hoped to do was avoid and duck the question, as I explained on December 8th, and upon reading the testimony it became clear to me that I had gone far beyond that.

Mr. **Boren**. You said that you had a pretty good idea what Colonel North was up to. He had a lot of contacts with the private supply network and so on?

Mr. **Abrams**. Yes.

Mr. **Boren**. And yet you stated categorically on television to the American people that you knew for a fact that no one in the government was involved with the private supply network when you felt that you had a pretty good hunch, although you didn't ask, that Colonel North had some contacts with the private supply network and he's a member of the National Security Council.

Mr. **Abrams**. There is a big difference between saying that the U.S. Government was responsible in any meaningful way for the Hasenfus flight, which I thought to be absolutely untrue, and saying that Colonel North knew about the network.

That is exactly, I thought, what he had told me was not true, and what Mr. McFarlane had told you was not true.

Mr. **Boren**. Is it not worrisome to you in terms of when you're asked to be truthful and report to the American people and being questioned on national television. Shouldn't you at least have paused and said, I can't say with certainty, because I haven't questioned everyone involved, but to my own knowledge, at that this time I don't believe anyone was involved.

You just said no, there was no one involved from the U.S. Government, even when you must have harbored suspicions.

Mr. **Abrams**. I didn't harbor suspicions. I did not express any, because I didn't have any.

The answer to your question is yes. It is something that I now do because I realize, not only how little I knew about that program, but that it is perfectly plausible that there are other things going on now.

Mr. **Boren**. You talked about trust. I know my time is up. Can I ask just this one last question? You talked about trust and Chairman Fascell said, We must rebuild our Central American—It is essential that we have a policy. Otherwise we are going to allow the Communists a beachhead in a very critical part of the world to our own security.

We have to rebuild trust and we have to rebuild some sort of partnership between the Congress and the executive branch if we are to have a consistent policy. As you know I have aided the administration's policy in the past and voted for aid to the Contras.

Do you think that you can rebuild that kind of trust—given your own record, do you think you, personally, are in a position to take a leadership role in rebuilding the kind of trust, and someone in your position can be a leader in this effort, between the Congress, when it has been clear before the Foreign Relations Committee, before the Intelligence Committee, before the American people on national television, that the wrong impression has been created by you, and that even the apology which was brought from you or wrung out of you before the Intelligence Committee was not one that you felt so strongly about, that the minute you stepped through the door it was so much on your heart you had to render that apology before the meeting even got started? Do you think that you can play a constructive role in the future to rebuild a relationship of trust given what has gone on in the past?

Mr. **Abrams**. I do, Senator, and I think perhaps more importantly the Secretary does. But I do and I think that I cannot promise you I will never be misled or wrong. I will be wrong, but the answer to your question is yes.

Mr. **Boren**. I have to say to you, and I am sorry to say this, that as one who feels very strongly that we must begin from this point forward to rebuild a bipartisan foreign policy, particularly in Central America, that we have to rebuild trust so that the Congress and the executive branch can work to go to put our Central American policy back together, that I am afraid there is too much in the record at this point for you to be able to effectively be able to play that role.

I am sorry to say that, but it's something that I feel strongly about that, and I hope you will ponder it.

Mr. **Abrams**. If you would give me the privilege of replying. I am sorry you feel that way, and I hope that the briefings that I have given on about 10 occasions since then to the Intelligence Committee and its staff have revealed the fact that we are working together and will continue to work together, and I hope to continue to work together with Congress.

Chairman **Hamilton**. Mr. Hyde.

Mr. **Hyde**. Thank you, Mr. Chairman.

Mr. Abrams, we have heard the end doesn't justify the means. I know you are somewhat of a philosopher, and I would like to provide——

Mr. **Abrams**. I am getting called lots of names at these hearings, but that is——

Mr. **Hyde**. I am trying to change the names you have been called, give you a wider range of characterizations. I know that you are a person who has read some philosophy, and I would like to provide Hyde's Corollary to "the end doesn't justify the means." It may if the means are not intrinsically evil, and we will talk about that later.

But, as you sit there wearing your sackcloth and ashes and undergoing public flagellation for being an important member of an administration that used a private network of people and logistical support to keep the anti-Communist Nicaraguan resistance alive in the intervals between congressional support, an administration that dared to use Swiss bank accounts and maybe got taken by profiteers, because United Parcel and Federal Express don't deliver weapons at night in Nicaragua. And maybe you used some of the Ayatollah's money to help the Contras and went around asking foreign governments to provide funds to keep the anti-Communists in Nicaragua alive and out of the Sandinista gulag. We know those means are wrong and bad and blame-worthy, and you have got to sit there and somehow take the flack because you are here now, and you are the only target we have.

What was the end of all those great misdeeds? Well, the end was the Nicaraguan resistance survived. They are in the field today, they have grown, they have expanded. The Sandinista's Gestapo of the left has not yet consolidated its revolution nor successfully exported its revolution to El Salvador, Honduras, Costa Rica, Guatemala and Mexico.

The other regional states surrounding Nicaragua are still democratic, they are still thriving, and despite massive Soviet aid to Nicaragua, the Cubans, the East Germans, the Bulgarians, the PLO and their new Communist foothold in our hemisphere has not yet been consolidated and hasn't expanded. So I guess we have all, all we Americans in the cause of freedom, have been victimized by this terrible process that we have been belaboring here.

But wouldn't you say we have been benefited by this result? Would you say that in terms of the Contras are still alive, they are still in there fighting—as a matter of fact, they are doing pretty damn well, aren't they?

Mr. ABRAMS. Yes, I would say that we of the United States have been internally greatly harmed by the means, and the Central Americans have been aided by the ends.

Mr. HYDE. And the cause of freedom has been aided by the ends, wouldn't you say?

Mr. ABRAMS. By the ends, yes.

Mr. HYDE. All of this back-channel foreign policy without the public support, there are historical precedents for that, aren't there? I am speaking of Franklin D. Roosevelt, whom we regularly honor, and it is called leadership sometimes, getting a little ahead of the curve, but helping Great Britain with destroyers when clearly public support probably wouldn't have been behind that.

You don't have to answer that, but it seems to me that is called leadership. As to monitoring Ollie, I guess you didn't skulk around in the bushes across from his house, did you, like apparently some here would want you to do? You made the colossal error of taking his word for it, you took his word that he hadn't done anything. I would just, if it gives you any comfort, advise you that we on the House Permanent Select Committee on Intelligence took Bud McFarlane's word on the same thing. We didn't probe, we didn't put him up against the wall. He said we are adhering to the letter and the spirit of the Boland amendment in its multifarious forms, multi-colored garb. We are adhering to it. We took that, we closed the book.

So you are so credulous, but you have company, I just would like you to know. I guess Congress is supposed to be a full partner in the formulating of foreign policy, and we are pretty mad that we haven't been taken into the confidence of this administration on so many things, and rightly so. But, you know, if our contribution to the formulation of foreign policy is anything like our performance for which we have the sole responsibility of formulating a budget or appropriating money—you have heard the saga of the continuing resolution, where we all vote at midnight. We don't know what is in it, who is getting what; 10 guys know, and they tell us, "trust us," and we all vote on it or government stops. We do that year after year after year.

So if our contribution to foreign policy is equally cogent and coherent, you should tremble for the Republic, as I do regularly. I anticipate a red light, so we will continue our monologue later.

Chairman INOUYE. Senator Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman. Mr. Belnick, can I ask you to move to your left please. Good morning Mr. Abrams.

Mr. ABRAMS. Good morning.

Mr. MITCHELL. Senator Rudman commented on your lack of curiosity, others have noted that in not asking Colonel North questions. I have to say to you that I reached the same conclusions from the questions you did ask. You said yesterday that it was clear to you that Colonel North was not violating the law and that it was clear to you, because you asked him, "Are you violating the law?"

Yesterday, you also said, in response to a question by Mr. Leon about the failure of Mr. North and Mr. Tambs to tell you some aspects of the humanitarian program, you said—and I think this should be quoted—you said, "Let me answer it this way. I think those people who had the opportunity to work with me in the 4½ years in which I was an Assistant Secretary prior to this job, and in this job, would have know two things."

"I believe they would have known that if you are making any effort whatsoever to exclude the Secretary of State from knowing about something, you don't tell it to me." And then, skipping ahead, you said, "and the second thing they would know, if you are planning to violate the law, you had better not let me know about it."

Now, you yourself therefore characterize your reputation as one that if you are planning to violate the law, "you had better not let me know about it." You then, in other testimony, said that the question you asked Colonel North is, "are you violating the law?"

Of the many questions which could be asked to elicit information, it seems to me that would be at the bottom of the list. You didn't seriously expect Colonel North to answer yes, I am violating the law and describe to you the manner in which he was violating the law, did you?

What did you expect him to say when you asked him are you violating the law?

Mr. ABRAMS. What he said was that he had checked with White House counsel. That is not just saying no, that is saying that he had in the course of his duties at the White House actually consulted a lawyer, which is a little bit—he was not a lawyer, is not a lawyer, so that is a little bit of a larger answer.

Mr. MITCHELL. Well, I just have to say that I accept that response, but it just seems to me that you really didn't want to know, and the question was intended to elicit a denial and did in fact elicit a denial.

How many people do you know who answer a question "are you breaking the law" by saying yes? I could see, what are you doing, who did you talk to, who have you seen, all of those, any one of literally hundreds of questions that could be described as seriously intended to elicit information.

Mr. ABRAMS. I think the question about is there a legal problem here could elicit a lot of answers like no, I have checked with White House counsel, or it depends on how you interpret the Boland amendment. There are a lot of possible answers to that. The answer was, checked with lawyers, no, no, no, I have never solicited a dime.

Chairman **Inouye**. Excuse me for the interruption.

I would just like to announce that a vote is pending in the House.

Mr. **Mitchell**. Thank you.

You also testified yesterday that your statements categorically denying any involvement by U.S. Government officials in the Hasenfus flight were in your words "completely honest and completely wrong," and by that, I take it you meant that when you made those statements, you believed them to be true, but you have since learned that they were not true; is that correct?

Mr. **Abrams**. Yes. I think we can see now that there was a degree of involvement in that private network that makes that answer wrong.

Mr. **Mitchell**. That is right. In other words, what makes your answer wrong is that you have since learned that there was, in fact, involvement by government officials?

Mr. **Abrams**. Yes.

Mr. **Mitchell**. Now, when you made your categorical assurances of no Government involvement, you emphasized it by saying that any such involvement would have been illegal. To quote from your answer on Evans and Novak, you were asked a very broad question, you said "absolutely that would be illegal, we are banned from doing that, and we are not doing it." Do you recall that statement?

Mr. **Abrams**. Yes.

Mr. **Mitchell**. So, you said, and you stressed repeatedly that you believed what you said then, that if there were any involvement by Government officials, it would be illegal, is that correct?

Mr. **Abrams**. That may have been slightly too broad, depending on how you interpret Boland, but I think the real meaning of it is, yes, that is right, we weren't supposed to be giving any help to the private benefactor network giving military aid to the Contras.

Mr. **Mitchell**. And since you have learned that there was such involvement, indeed it is the fact of that involvement which makes you earlier statements untrue. You must now believe that there were illegal acts committed by some government officials?

Mr. **Abrams**. I think there are a lot of questions now. I am not a judge, I am not going to judge this, but there are a lot of questions.

Mr. **Mitchell**. But you were not qualifying your statements last October. You were very categorical in saying that would be illegal. Indeed, it is clear that your assertion of illegality was an attempt to emphasize the conviction of your view that there was no such involvement.

You used the assertion of illegality as a means of emphasizing the conviction that you had on that point, isn't that true?

Mr. **Abrams**. I think that is fair, yes.

Mr. **Mitchell**. So, you see, telling us with emphasis that you believed what you were saying, the only conclusion possible, if you believed it was that you must now believe that illegal acts were committed.

Otherwise you are now calling into question the credibility of the statements which you made then which you now acknowledge to have been untrue, but which you justify at least in terms of your own integrity by saying, well, I didn't know the truth.

Mr. ABRAMS. I am sitting here thinking, and I get accused of facility with the English language.

Mr. MITCHELL. Is this an unfair facility?

Mr. ABRAMS. No, it is not. All I really mean to say is this, that you can come up with theories about the Boland amendment, I can come up with theories about the Boland amendment, which would make a lot of things that Congress probably meant to call illegal, legal, and ultimately those theories will be tested in a court, but it was my assumption that that kind of activity was illegal.

Mr. MITCHELL. Well, my time is up, I'll just close with a comment. You are obviously an extremely intelligent, very articulate man, and I think you have worked hard in behalf of the policy in which you believe. I tend to agree Senator Cohen and Congressman Fascell that you have been treated very shabbily, particularly if—and I believe you when you say you didn't know that the statements you were making were untrue, no one corrected you. I have the impression that baseball has a designated hitter. This committee has designated questioners. It looks to me like you are one of the administration's designated fall guys.

I think it is very unfortunate, and it concerns me that your anger or outrage doesn't appear at all directed at those who placed you in the position of repeatedly making public statements that you believe to be true, but which others knew to be untrue, and which has, therefore, resulted in your integrity being called into question as opposed to theirs, and really you are in a position where all public officials were constantly making public statements.

They were written down and in the last analysis you don't have much beyond your own reputation for integrity, and your own word.

Mr. ABRAMS. Senator, I have some very strong feelings about this, and my wife has more, which I think it is—you know, I just don't think it is fair to express all of those at this point here, but I would disagree with one thing that you said.

Last night after this hearing was over, I went back and saw the Secretary, who had watched some of the hearings—who made some public comments at noon yesterday, and others last night, and it is not his view nor is it my view that I am a fall guy. I am and plan to be Assistant Secretary of State for Inter-American Affairs.

Mr. MITCHELL. I hope for your sake you are not, but I think what is going to happen is truly inexorable and inevitable, Mr. Abrams. Thank you very much.

Mr. ABRAMS. Thank you.

Chairman HAMILTON. Mr. Rodino?

Mr. RODINO. Thank you, Mr. Chairman. Mr. Secretary, I know that you recognize that what this committee is about is attempting to get at the facts, try to unravel this maze and up to this point I must tell you that as one who serves on this committee and hopefully will achieve that objective, very frankly, having listened to you these past days makes me rather uncomfortable. Because I find myself going back to inconsistent statements on the part of administration officials, and you, of course, claim that what you have said is what is the truth, what is accurate, and naturally it leaves in doubt what others have said, whether they have intentionally deceived this committee or intentionally misrepresented the facts.

And that leaves us in a position of unfortunate quandary, but I am sure that you, like us, feel that this is a very important charge that we have, and you would hope that you might help us at least unravel this ball of wax. It seems to me, however, very frankly, that having listened to some of the questions and then your responses, and you, yourself, admitting you are a man who is precise with your words, very frankly I must ask you whether or not when questions are put to you such as the question put to you the other day, yesterday, by Mr. Belnick with reference to the Hasenfus matter.

And the question that was asked of you at one point was, "You felt, didn't you, at the time, that based on your knowledge Colonel North was likely to be the official in the U.S. Government who would have the most information about this flight if anyone in government would. Wasn't that your belief?" "Oh, probably." And then Mr. Belnick goes on later on, a few pages after that and he says, "You were also asked at the House Foreign Affairs Committee meeting by one of the members of the committee . . ." and get this. This is his question stating a question put to you by the Foreign Affairs Committee.

"Do you think there is anyone in the government who does know who organized the Hasenfus flight?" And your answer was, "No, because we don't keep track of this kind of activity." You gave that testimony, and you said take your word for it.

Being as precise as you are, were you saying no only because you didn't think that anyone in the government who does know who organized the Hasenfus flight, and you didn't think that it might be North, who you previously referred to as having some knowledge about it and saying, "Oh, probably."

No, I don't understand, you know, just what your exact response was and why. When the question was do you think—don't you think that at that point the truthful response would have been, well, it might be North since you had said just 2 pages before, "Oh, probably," that he was the person who was most knowledgeable.

Mr. Abrams. I would have to look at the testimony, Congressman.

Mr. Rodino. Well, it is the testimony, it is yesterday's transcript, and it is page 29, which Belnick asked you that question on and which you answered: "Oh, probably." Then you go back to page 32 where he quotes the question from the Foreign Affairs Committee members.

Do you think——

Mr. Abrams. Thirty-two?

Mr. Rodino. Thirty-two.

Mr. Abrams. I am sorry, and your question about this is?

Mr. Rodino. My question is that 2 pages before, you say that—you answer that based on your knowledge, Colonel North was likely to be the U.S. Government official who would have the most information about this flight, and then do you think there is anyone in the government who does know who organized the Hasenfus flight?

And you say no.

Mr. **Abrams**. Thinking back to the period, you will recall that after the plane was shot down, one of the things I did that day or the next day was to call Colonel North's office and the CIA Task Force to determine whether people knew about this and the answer that I was given was no.

Colonel North was out of town; I spoke to Mr. Earl—this is the 6th of October, I guess—who was his deputy. The answer I got was no.

So I guess the—I think the answer really is——

Mr. **Rodino**. You are moving away from my question. I stated originally that you are a man who is precise with words. The question here was, do you think there is anyone in the government who does know? Do you think? That suggests an opinion.

The answer to the question put to you by Belnick yesterday was that you probably did know.

Mr. **Abrams**. I am not sure I am getting it. I think I did just answer it by saying that immediately after the plane was shot down, I called Colonel North's office and the CIA and asked for information about it and was told this was something the U.S. Government had no connection with.

I think that was the basis for that testimony. That is to say, that to say that somebody might know, but you call the offices around and you find out do people—did we, in any sense, do this and you are told no, this is not a U.S. Government activity and so you say it is not.

Mr. **Rodino**. I really don't follow you, and I think I follow English quite well. It seems to me that when you answer, "Oh, probably," on the page 29, you are admitting some knowledge about Colonel North being the person most likely to know, and then you are asked the question by the Foreign Affairs Committee people, do you think, and you said at that time, "Oh, no."

Mr. **Abrams**. I think the differences between the general question about who in the government knew most, and I have testified 10 times the answer was probably or certainly Colonel North, and then—

Mr. **Rodino**. This was only do you "think"?

Mr. **Abrams**. And I have answered that question then and now. I had contacted everybody I thought possibly involved or knowledgeable or able to give me information on the 6th of October, which is basically the CIA Task Force and Colonel North's office.

Mr. **Rodino**. Well, let's move to another area concerning the categorical assurances that you gave with relation to the questions that were put to you on the funding as to foreign governments making contributions to the Contras.

Again, at that time, you were speaking for the administration and the State Department, isn't that correct?

Mr. **Abrams**. I think so, yes. That is correct.

Mr. **Rodino**. Isn't it a fact that at that time there were other people in the State Department and in the government who knew that there were solicitations that were taking place with other governments?

Mr. **Abrams**. Had taken place, yes. It is not clear that all of them—I mean, it is not clear—it is clear they did not know what I testified that day because that was a closed session, but, yes, no one who knew that there had been other solicitations attempted to call me up and say, "Wait a second, there was a solicitation of the Saudis." No one did that.

Mr. RODINO. No one was concerned that you were giving categorical assurances?

Mr. ABRAMS. I can only tell you that I did on the public record as well as privately say that there had been no contributions from foreign governments, no one corrected——

Mr. RODINO. No one, Mr. Shultz did not? Mr. Secord did not? Mr. North did not? No one——

Mr. ABRAMS. The first I learned of the Saudi contribution was from the Tower Board staff in, I guess, February or so of 1987.

Mr. RODINO. Let me ask a final question.

Chairman INOUYE. I would advise the chairman that his time has expired.

Mr. RODINO. Just one more question.

Chairman INOUYE. OK.

Mr. RODINO. Just this question. I want to get clear in my mind, you talked about you were not authorized to disclose the fact that you had made those solicitations. Then you stated that at a later date, I think it was sometime in December, that you finally—or November 25—you finally went back—December 8—you finally went back to the committee.

You either felt badly or something.

Mr. ABRAMS. No, what I testified was that I requested permission to inform the committee by telephone, chairman, ranking member, Senator Bradley, on December 4 and got it and called, I think, on December 5. This was not related to going back to the committee for testimony. This was related to calling and saying there was a solicitation—I wasn't allowed to tell the country, but that there had been a solicitation.

Mr. RODINO. Did the Secretary then authorize you to tell the truth at that time?

Mr. ABRAMS. The Secretary authorized me to call—he said if you think you should, you can. Tell them that there was this solicitation, but you are not authorized to tell the country.

Mr. RODINO. But you didn't have that kind of authority before?

Mr. ABRAMS. I did not.

Mr. RODINO. Thank you very much.

Chairman INOUYE. Senator McClure?

Mr. MCCLURE. Thank you very much, Mr. Chairman.

Mr. Secretary, our time is very brief in each individual questioning, and I want to ask rather general questions, but I don't want to take much time for the answers, even though they are crucial.

Do you ever get frustrated with that?

Mr. ABRAMS. No, sir.

Mr. MCCLURE. You testified earlier with respect to what U.S. policy is in Central America.

Mr. ABRAMS. Yes.

Mr. MCCLURE. You rather briefly said it is for pluralistic democratic societies with freedom for the individuals throughout Central America; is that correct?

Mr. ABRAMS. Yes.

Mr. McClure. And that includes also within it an opposition to a regime in Nicaragua which we feel doesn't meet any of those tests; is that correct?

Mr. Abrams. Yes.

Mr. McClure. Now, if I get off base, take the time to get me back straight. The administration's policy has been undeviating in that respect, is that not correct?

Mr. Abrams. Yes.

Mr. McClure. And yet, U.S. policy is a combination of administration positions and beliefs and that expressed by the Congress.

Mr. Abrams. Yes.

Mr. McClure. And the Congress' policy with respect to Central America has not been nearly as consistent, is that correct?

Mr. Abrams. I think that is right, yes.

Mr. McClure. Now, earlier, Congressman Hyde made some reference to the fact that, well, at least the Contras are alive today, and there has been some criticism of private funding or the solicitation of funds or the channeling of aid to them from non-governmental sources.

Would the Contras be alive and well today if that had not been done?

Mr. Abrams. I would have to say I don't think so. Probably be alive, but in very, very bad shape.

Mr. McClure. Now, what had been the President's position on private aid to the Contras?

Mr. Abrams. Generally favoring it.

Mr. McClure. Has he said that publicly?

Mr. Abrams. Yes.

Mr. McClure. Has he articulated that privately as well as in public on more than one occasion?

Mr. Abrams. Yes, he has.

Mr. McClure. It is not a secret, is it?

Mr. Abrams. No.

Mr. McClure. So, we shouldn't approach these hearings with the idea that any notion that the President supports private funding is somehow the revelation of a long-held secret?

Mr. Abrams. No.

Mr. McClure. Is it a violation of the law for the President to do that?

Mr. Abrams. No, sir.

Mr. McClure. Is it a violation of the law for the President to urge others to do it?

Mr. Abrams. I don't believe so.

Mr. McClure. Is it a violation of the law to have individuals provide assistance directly?

Mr. Abrams. No. As long as they don't violate the Neutrality Act or the Arms Export Control Act, it is not.

Mr. McClure. And there are some questions about how far you can go under each of those areas, and lawyers will have debates and arguments about that; is that correct?

Mr. Abrams. Yes, and when we in the Department get letters from people saying they would like to contribute, the letter that went back said, get a lawyer.

Mr. **McClure**. That is a great contribution to the Contras, so far as I know. The Contras are not lawyers, and yet all the contributions are going to lawyers. Is that what I am getting from you, you are inviting them to contribute to the lawyers?

Mr. **Abrams**. It may be an indirect contribution.

Mr. **McClure**. I see. Now, there has been some inference here that there was something wrong with an organization that undertook to influence public opinion. You have been questioned with respect to an ad campaign that was out.

Is that an illegal action?

Mr. **Abrams**. I don't believe so.

Mr. **McClure**. Was it illegal for you to look at those ads and say, express any opinion about those ads?

Mr. **Abrams**. I can't see how it would be.

Mr. **McClure**. Even though that may have indirectly given aid and comfort to the Contras?

Mr. **Abrams**. Well, yes, because I mean, the President's speeches certainly gave aid and comfort to the Contras, they they weren't illegal, either.

Mr. **McClure**. So, you don't believe it was illegal for you to have met with a group that had an ad campaign?

Mr. **Abrams**. No. I also, in this period, met with the Contras lots of times.

Mr. **McClure**. And while I can understand that some Members of Congress who may have been targeted in that in some way might feel they didn't like being targeted, I suspect every one of us at one time or another have been targeted by someone or some several.

Are there any liberal, left-wing—I use those terms because there has been talk about right-wing, conservative—are there any liberal, left-wing organizations opposing U.S. policy in Central America?

Mr. **Abrams**. Yes.

Mr. **McClure**. How many?

Mr. **Abrams**. Dozens and dozens, hundreds probably.

Mr. **McClure**. Dozens and dozens. Are any of them 501(c)(3) organizations?

Mr. **Abrams**. I believe yes.

Mr. **McClure**. You are familiar with the Coalition for a New Foreign and Military Policy?

Mr. **Abrams**. I have heard of it.

Mr. **McClure**. Have you heard of the North American Congress on Latin America?

Mr. **Abrams**. Yes.

Mr. **McClure**. Have you heard of the Washington Office on Latin America?

Mr. **Abrams**. Yes.

Mr. **McClure**. Have you heard of the Committee in Solidarity with the People of El Salvador?

Mr. **Abrams**. Yes. That is essentially a front for the FMLN guerrillas in El Salvador.

Mr. **McClure**. Have you heard of the Council on Hemispheric Affairs?

Mr. **Abrams**. Yes.

Mr. **McClure**. The Americas Watch Committee?

Mr. ABRAMS. Yes.

Mr. McCLURE. Center for Development Policy?

Mr. ABRAMS. Yes.

Mr. McCLURE. Center for International Policy?

Mr. ABRAMS. Yes.

Mr. McCLURE. Ecumenical Program for Inter-American Communication and Action?

Mr. ABRAMS. That is a new one on me.

Mr. McCLURE. Central American Historical Institute?

Mr. ABRAMS. Another new one.

Mr. McCLURE. Institute for Food and Developmental Policy?

Mr. ABRAMS. Yes.

Mr. McCLURE. Medical Aid for El Salvador?

Mr. ABRAMS. Yes.

Mr. McCLURE. New El Salvador Today?

Mr. ABRAMS. Yes.

Mr. McCLURE. Center for Study of the Americas?

Mr. ABRAMS. Yes.

Mr. McCLURE. World Peacemakers?

Mr. ABRAMS. No.

Mr. McCLURE. Washington Peace Center?

Mr. ABRAMS. No.

Mr. McCLURE. Casa-El Salvador?

Mr. ABRAMS. Yes.

Mr. McCLURE. Medical Aid for El Salvador?

Mr. ABRAMS. Yes.

Mr. McCLURE. Casa-Nicaragua?

Mr. ABRAMS. No.

Mr. McCLURE. New El Salvador Today?

Mr. ABRAMS. Yes.

Mr. McCLURE. Nicaragua Network?

Mr. ABRAMS. Yes.

Mr. McCLURE. National Network in Solidarity with the Nicaraguan People?

Mr. ABRAMS. Yes.

Mr. McCLURE. Association in Solidarity with Guatemala?

Mr. ABRAMS. Yes.

Mr. McCLURE. Network in Solidarity—Association in Solidarity with Guatemala?

Mr. ABRAMS. No, that is a new one.

Mr. McCLURE. Honduras Information Center?

Mr. ABRAMS. Never heard of that one.

Mr. McCLURE. Caribbean Basin Information Project?

Mr. ABRAMS. No.

Mr. McCLURE. Witness for Peace?

Mr. ABRAMS. Yes.

Mr. McCLURE. Center for Concern?

Mr. ABRAMS. No.

Mr. McCLURE. I won't even mention the National Council of Churches, because they are much more broadly based than just Central America.

Mr. Chairman, I have a list, not only of these organizations, but some specific actions that they have taken lobbying Congress, targeting Members of Congress, moving towards the public debate on Central American policy.

I also have the list of their claims, at least some of them, with respect to whether or not they are tax-exempt under section 501(c)(3) or 501(c)(4), and I would ask unanimous consent that those be made a part of the record.

Chairman INOUYE. Is there objection? The chair hears none. So ordered.

[The information appears in appendix B.]

Mr. McCLURE. Thank you very much, Mr. Chairman.

Chairman HAMILTON. Mr. Brooks.

Mr. BROOKS. Thank you, Mr. Chairman.

I refer you to exhibit 46, page 42, the second page of that excerpt that has been put in there, bottom two-thirds of the page, there is a question by Mr. Levine. And he said, "Let me read you two sentences, and I would be interested in your response to these. U.S. defense sources disclosed yesterday that the flight"—this was the Hasenfus flight—"had been paid for by Saudi Arabian funds. This was confirmed by an Intelligence Committee senior staff member. Have you heard either of these?"

"Answer, Mr. Abrams: No, I haven't. Assuming the reporter talked to a senior staffer, I wish the Intelligence Committee would find out who that person is because he or she is lying to the press about things never said to the Intelligence Committee. If they had been said, the staffer needs to go to jail anyway for violating the secrecy of that committee. But that has never been said, so it is just a flat-out lie."

I just want to observe that that seems to be your strong attitude about people who lie.

Mr. ABRAMS. And violate the——

Mr. BROOKS. It is not a question; it is a statement. You made it. Did you make that statement here?

Mr. ABRAMS. Yes, sure.

Mr. BROOKS. Mr. Abrams, as Assistant Secretary for Inter-American Affairs, what are your responsibilities, briefly?

Mr. ABRAMS. To help create and to help implement, under the Secretary, U.S. policy in South America, Central America and the Caribbean.

Mr. BROOKS. What sources of information do you use and have available to you to enable you to do your job, and do they include Embassy cables, CIA back channels, intercepts, DOD and State Department briefings, access to all embassies?

Mr. ABRAMS. And more, probably. Basically, State Department cables and CIA reporting are the two sort of fundamental building blocks in terms of information.

Mr. BROOKS. Now, Mr. Abrams, you are characterized in all these questions, interrogations, as the administration's point man for Nicaragua. You chaired the RIG charged with developing policy.

Mr. ABRAMS. No, sir, not charged with developing policy, not charged with developing policy. The policy is developed at a higher level than Assistant Secretary.

Mr. BROOKS. Are you chairman of that RIG?

Mr. ABRAMS. Yes, sir.

Mr. **Brooks**. And you have been the administration's spokesman before congressional Committees on Foreign Affairs and Intelligence, and you have testified about regular meetings with Colonel North and the CIA Central Area Task Force leader. And you have told us how you picked up the telephone and called the Ambassador to Costa Rica to tell him to use threats to stop a Presidential press conference.

Mr. **Abrams**. No, it wasn't a Presidential press conference.

Mr. **Brooks**. You did that in the testimony.

Mr. **Abrams**. It was not a Presidential conference. It was a press conference by the Minister of Interior.

Mr. **Brooks**. But you did call him, threaten—tell him to use threats?

Mr. **Abrams**. I told Ambassador Tambs to raise the question of canceling that visit.

Mr. **Brooks**. Right. And you brought up the subject of secret airstrips with the CIA Station Chief. I can go on with the whole litany of your activities, but I suspect, it seems obvious you took your job very seriously. I suspect you were probably even impressed with the influence you were supposed to have and would want to impress Congress and the Secretary of State and the President with how well you carried out your duties.

Mr. **Abrams**. I didn't need to impress the Secretary of State; he gave me the job, sir.

Mr. **Brooks**. You did want to do a good job, didn't you, sir.

Mr. **Abrams**. Sure.

Mr. **Brooks**. I am very troubled with the job that you did, because you would have us believe that you just had no idea about private fundraising, about solicitation of foreign governments for a few million dollars, you had no idea about how the Contras were operating or where they were getting their supplies, you had no idea about the large number of people who were commuting almost daily between the United States and your area of surveillance, and yet these missions went on for months while you were in office.

Now, Mr. Abrams——

Mr. **Abrams**. I would just take exception to that. I never said I had no idea about most of the things you said I said I had no idea about.

Mr. **Brooks**. I understand, you haven't said you knew anything about them.

Mr. **Abrams**. That is not what I said either.

Mr. **Brooks**. You are the only man I ever saw that takes more pride in not knowing anything than anybody I ever saw. Most people take pride and are smug about knowledge.

Mr. **Abrams**. I take exception to that remark too, Mr. Brooks.

Mr. **Brooks**. You seem to be very proud of not knowing anything about the technical problems and the real sticky problems with which you are involved.

Now, I believe you would have been a lot better informed if you had been reading the daily newspapers, listening to TV, listening to the radio, and I can only conclude after this that you are either extremely incompetent or that you are still, as I say, deceiving us with semantics, or, three, maybe the administration has intentionally kept you in the dark on all these matters so then you can come down and blatantly mislead us, the Secretary of State, and the American people on all of these issues that we have been discussing, and I am deeply troubled by it and wonder if you can survive as an Assistant Secretary of State.

Thank you, Mr. Chairman. I yield back the balance of my time, Mr. Chairman.

Mr. ABRAMS. If I can respond to that, Mr. Brooks.

Mr. BROOKS. Let him talk.

Mr. ABRAMS. Thank you.

Fortunately, I guess I have to say, I don't work for you, I work for George Shultz, and he seems to be pretty satisfied with the job I have done for him. That makes me very happy and very proud.

Mr. BROOKS. And me.

Mr. ABRAMS. The characterization that you have made of my testimony here yesterday and previous testimony, I think, is in too many ways to state in a brief answer, erroneous.

Mr. BROOKS. I wouldn't think that you would agree with one bit of it, because you have been very patiently telling us you don't know about this, you don't know about that, and you weren't informed, you were not authorized to tell the truth. That is the wildest story I ever heard. They were not authorized to tell the committee the truth about something. That is the most cockamamie idea I ever heard.

Why do you have to be authorized to tell the truth to the appropriate committee in Congress?

Mr. ABRAMS. Well——

Mr. BROOKS. I don't want you to tell me. But you should have told the Intelligence Committee.

Mr. ABRAMS. I would like to repeat the answer as you raise it that I gave yesterday, and the answer was and is that we treated this as a highly confidential diplomatic activity because the government of Brunei had insisted on complete confidentiality.

One of the things that I regret is I gave them and the department and the Secretary gave them that commitment, and we couldn't keep it. I was not authorized to reveal that until the Secretary gave me that authorization on around December 4, but without revealing the name, and that is the truth.

Mr. BROOKS. Thank you, Mr. Chairman.

Chairman INOUYE. Senator Nunn.

Mr. NUNN. Thank you, Mr. Chairman.

To some extent, pursuing that line of questioning, Mr. Abrams, I am looking though to the future. You are going to remain, according to your testimony, in your present position. That position, as you have already described it, is a key position as spokesman and also policy maker, and also a considerable amount of testimony before key committees, including Intelligence Committee.

The next time you appear on an important matter before the Intelligence Committee my question is, how should we question you?

Mr. ABRAMS. Well, Senator, I have done it. In the period between December 8 and now, I have not failed to appear; I have testified about 20 times; I have testified probably 10 times in the Intelligence Committee, sometimes with full membership present, sometimes really with one Senator and the staff present.

I would ask you to go back and look at that testimony or have staff do it, and ask them if they would not agree with me that there just isn't anything going on in this program that they don't know about, anything significant, there isn't anything significant that could surprise the members of the committee who follow my testimony.

Mr. NUNN. Based on previous testimony, though there were so many areas that they were not informed in, even though you were the principal spokesman for the administration. Over and over again, you said that you were not informed on this, that and the other, or you were misled. How are we supposed to know that you are informed when you appear before the committee?

Mr. ABRAMS. Well, two things really; one, the White House handling of this has been entirely reorganized; the NSC is no longer an operating agency. Operations are handled by the traditional departments of the government.

In addition, legislation has now given me and given the Department a role and an authority we have never had before with respect to this program.

Mr. NUNN. How are we supposed to know whether you are authorized to tell the truth?

Mr. ABRAMS. Well, if you want to know whether the Secretary has suggested, or the department has suggested withholding information on anything, I guess the way is to ask the question; and the answer is no.

Mr. NUNN. But in other words, before we ask you substantive questions each time you appear, we need to precede that by asking you if you are authorized on this subject to tell the truth, the whole truth, and nothing but the truth?

Is that the way we begin our questioning of Elliott Abrams?

Mr. ABRAMS. I would have to say that is an unfair comment because I have testified, as I said, about 60 times, and on one occasion, in one instance, with reference to one activity of the Department of State, we concluded, not I, as an individual, we concluded that this was one matter that we would have to reveal to the Congress, and didn't reveal until I got the authority of the Secretary.

Mr. NUNN. Well, it seems to me a rather key area from a rather key committee, and it was behind closed doors. It was the most classified hearing I suppose we can have.

Mr. ABRAMS. I don't disagree with that, it is just that I wasn't authorized to do it.

Mr. NUNN. Well——

Mr. ABRAMS. When I was authorized to, I did it.

Mr. NUNN. Let's move on to the executive branch itself. Yesterday you said, on page 28, and again on page 72, in the afternoon, that Ollie North told you, " 'I have never solicited a nickel,' he may have said a dime, 'I am not breaking the law'." Did Oliver North mislead you with that statement?

Mr. ABRAMS. I don't know. With respect to solicitation, I gather that the pattern that is emerging is that he, as an official of the U.S. Government, would not actually——

Mr. NUNN. You have questions about whether he misled you.

Mr. ABRAMS. I have a thousand questions.

Mr. NUNN. All right.

Page 57 you were asked whether Ambassador Tambs ever reported the fact that he was negotiating with the Costa Rican Government about the airstrip and you replied that, "He never reported that to the Department of State."

Did Ambassador Tambs mislead you?

Mr. ABRAMS. I believe he did mislead me on that. I believe he should have reported——

Mr. NUNN. Let me just move on. I just want to get a quick answer on these.

On page 26, of yesterday afternoon's transcript. Mr. Belnick asked you about categorical assurances that the United States was not involved in the private resupply flights, and you said, "We inquired of CIA and inquired of DOD and everybody said not only then but later there was no U.S. role."

My question is, did the CIA, NSC and DOD mislead you?

Mr. ABRAMS. The question is whether they knew about it. I guess I would say that the people in NSC who knew did.

I don't know of anybody in the DOD who did and the question about CIA——

Mr. NUNN. Wouldn't you assume that someone you were talking to should have known about this?

Mr. ABRAMS. I think so.

Mr. NUNN. You have to rely on statements like that to be effective.

Mr. ABRAMS. You can't do business any other way.

Mr. NUNN. I agree completely.

On page 125, of yesterday afternoon's transcript, Mr. Leon asked you when you asked Secretary Sigur whether there were any countries in his area who could contribute, he told you that he had previously solicited funds from two countries, and you replied, "He did not."

He did not tell you that?

Mr. ABRAMS. He did not tell me that.

Mr. NUNN. By omission did he mislead you?

Mr. ABRAMS. I don't know. I didn't ask him that exact question.

Mr. NUNN. All right. How about Colonel North? He never told you about the solicitation, did he?

Mr. ABRAMS. No one ever told me about solicitation prior to the—actually it was the Tower Commission that told me about that.

Mr. NUNN. Wrapping it all up because the yellow light is on, how do we operate in the executive branch? Forget about Congress. Forget about the Intelligence Committee. How does the executive branch operate when so many people are misleading so many other people and particularly with you in a key position, and you were being misled over and over and over again according to your testimony.

Mr. ABRAMS. You can't operate that way and I think that we, in the executive branch and you, in the Congress know the way in which that was operating in the executive branch was a disaster, and the thing just fell apart.

It was being operated by the NSC keeping the Department of State in the dark, and that is a formula for disaster.

Mr. NUNN. Thank you. Thank you, Mr. Chairman.

Chairman **Hamilton**. Mr. Courter.

Mr. **Courter**. Thank you very much, Mr. Chairman. Secretary Abrams, I would just like to start on it by pointing out something. It has been discussed that you were misled by Mr. Tambs and by Oliver North and by Mr. Poindexter; that you were not sufficiently inquisitive or prosecutorial in discussing events and individual activities.

I would just remind the Congress that one of the great dupes of all times, one of the great shams, one of the great areas where the Congress was misled was simply by the Sandinistas themselves when they pledged to the Organization of American States, to you, the President of the United States, all American people and the Congress, that they would respect human rights; that they would have an open and pluralistic society; that they would have open and free elections; that they would have respect for the press, et cetera, and we also, based on that, those statements that misled us funding them by, I would imagine—I don't precisely recall—about a hundred million dollars.

I am just wondering where the congressional outrage with regard to being misled is sometimes. Now with that statement, I would like to ask you what I consider to be a very, very serious question. You indicated yesterday by your testimony that you did not solicit funds from Middle Eastern countries because you felt that they would not be forthcoming; that they would not have an interest in Central America; that it was too far away; that they would not be receptive.

The legitimate question I have is if that is so and there is logic in your statement, I agree with you. They would not volunteer, I take it, by your statement, because they live in a different world and Central American problems are not theirs. They have enough problems of their own. Why would a country, Country Number Two, then give millions of dollars?

Mr. **Abrams**. I am looking for the code. I am no Middle East specialist at all. That is why I went to Ambassador Murphy, and I was reflecting his view when he said that none would give.

As I recall Ambassador Murphy's comments at that time, he did say, and I think I testified to this yesterday, that it is possible that some kind of high level contact would have elicited a positive response, but I don't know. What Ambassador Murphy told me was that he generally felt it was a part of the world they knew nothing about, and they would not be inclined to do it.

Mr. **Courter**. You indicated this morning about lessons learned from this that you have, and you were asked the question if you were asked to give advice to students that were listening to these programs, the advice would be never can be too careful and also never to be too clever.

What did you mean by never to be too clever? I take it that you were referring to yourself.

You were too clever——

Mr. **Abrams**. In the testimony on November 25th before the Senate Intelligence Committee.

Mr. **Courter**. And that is because what you said was literally true, but you knew that it would mislead the committee?

Mr. **Abrams**. That it would not tell them about a solicitation which I knew about, although I was not authorized to reveal it.

Mr. **Courter**. It's obviously—it is not a crime, it's not a misdemeandor, it's not prohibited to be suspicious. There are no penalties attached to being suspicious of something or to suspect something. You are obviously a dedicated public servant. We appreciate the work you have done in the past. I look forward to your continuing as Assistant Secretary, very frankly I think you have done an outstanding job, but with all the press reports, all the leading questions by members of the Senate Intelligence Committee and members of the House Foreign Affairs Committee, the Senate Foreign Affairs Committee, the press reports, the statements and the questions you heard from the media, were you not suspicious, deep in your own heart, that there was a lot going on?

Mr. **Abrams**. That is why periodically I, and Assistant Secretary Armitage has testified, and others asked the question. And you cannot operate except under a system of trust in those with whom you are working and believe in what they are telling you.

Mr. **Courter**. I take it by your answer that yes you had faith, you had trust in these individuals, but you did suspect that more was happening, that we were more involved than you thought, that there was more activity in the National Security Council with respect to helping the resistance? Is that not so?

Mr. **Abrams**. No. I thought that there was a kind of keeping track, not direction or facilitation.

Mr. **Courter**. Thank you.

Thank you, Mr. Chairman.

Chairman **Inouye**. Senator Hatch.

Mr. **Hatch**. Thank you, Mr. Chairman.

Mr. Abrams, it seems to me that there is one important truth reconfirmed and that is that when people get misled, they get upset and even get even sometimes.

When Congress was not told the truth about the CIA mining of the Nicaraguan harbor, in 1984, it got mad. And I still recall the rather mild reaction of Senator Goldwater at that time. And then it got even in enacting Boland 1.

Mr. Ghorbanifar, that paragon of virtue, learned that the United States was developing a second channel rather than working through him with all the potentials that he thought were there as he had been led to believe.

He got mad and did his best to get even; in fact, he ridiculed the second channel and started in motion what many believe to be the series of events that really resulted in mess we have today. And then he blew the lid off the U.S. covert action program there basically in that area. And made it anything but secret.

Some would say that he got more than even under the circumstances. When you yourself found out that you had not been told the truth about the Hasenfus flight, you got mad and to a measure, you are getting even with some of the testimony you gave yesterday because they did leave you out on a shaky limb.

When we in Congress felt we were misled by your testimony, before the Intelligence Committee, we got mad and now I suppose we are getting even, or at least it appears like that.

Would you agree that if we are going to have consistency among separated powers in our government, we are going to have to stop misleading each other, we are going to have to give straight answers to straight questions and not mislead; would you agree?

Mr. **Abrams**. Sure.

Mr. **Hatch**. I suppose it would also help that when we in Congress get straight answers from people like yourself, we have to learn to be able to keep those straight secrets, too, especially when covert actions are involved; is that correct?

Mr. **Abrams**. That is correct.

Mr. **Hatch**. In fact, to get full and complete answers in front of some committees to certain questions is in a certain measure at least the result of a desire by certain people to get even, people who are given congressional confidential information 1 day, and, of course, go out and leak it to NBC the next.

I remember a 170 page report leaked. Everybody on the Intelligence Committee said it was going to be confidential and the next day it shows up at NBC and every other network was upset because they were excluded from this important discussion of what happened in Iran.

Perhaps under those circumstances there is a feeling of getting mad and even getting even by next time saying, I won't tell them if they don't just ask the exact right question.

Isn't that the attitude that developed in the administration branch from time to time?

Mr. **Abrams**. I think the reason I was not to disclose the solicitation to Brunei was precisely, precisely because we had to have confidentiality and the more people we told, the more likely it would be leaked.

Mr. **Hatch**. And if you told it on the Hill, there was a greater risk that it would be leaked to the press?

Mr. **Abrams**. And in the Department. We took extraordinary measures to make sure it wasn't disseminated in the Department.

Mr. **Hatch**. I think that is true because the executive branch leaks as much as the congressional branch. They have more people to leak. As we now know the facts, the private supply operation in which Mr. Hasenfus was involved was not per se a U.S. Government operation; is that correct?

Mr. **Abrams**. That is correct.

Mr. **Hatch**. The operation received logistic support from U.S. Government officials, but it did not—that in and of itself did not make it a U.S. Government operation, is that right?

Mr. **Abrams**. I think that is correct. I guess we are still finding out about it.

Mr. **Hatch**. It wasn't paid for out of government appropriations, was it?

Mr. **Abrams**. Correct.

Mr. **Hatch**. The government didn't buy the planes or pay the salaries of the pilots, did they?

Mr. **Abrams**. No.

Mr. **Hatch**. I think it is just as important that we set those facts straight, because there seems to be supposition being thrown around in these hearings. There is no doubt that Colonel North was playing pretty close to the line, and may have gone over the line.

That remains to be seen. We are in the process of collecting those facts and learning all we can about it, but I think it is an error at this time to give the impression that the air supply operation was more than it was.

You are aware that Secretary Shultz and Secretary Weinberger both claim that they felt that the Iran initiatives were inappropriate initiatives?

Mr. ABRAMS. That is right.

Mr. HATCH. They both felt pretty strongly about that, is that right?

Mr. ABRAMS. Yes.

Mr. HATCH. In fact, that is one reason why you have these National Security Council meetings with the Secretary of State, Secretary of Defense, the Vice President, the President, the National Security Council and who knows who else, and of course the Director of CIA. So that all those people can get together, and they constitute checks and balances themselves within that particular function; is that right?

Mr. ABRAMS. Yes.

Mr. HATCH. It seems to me that one of the things that bothers me about Secretary Shultz and Secretary Weinberger is that they objected to it, but they didn't seem to follow up in any way, shape or form. Do you see any ways that they did?

Mr. ABRAMS. You know, this is really——

Mr. HATCH. I will withdraw the question. I don't want to put you on that spot. How much did they tell you to be cautious about what was going on in your job? How much do you know they told other Assistant Secretaries and other people at the State Department and at the DOD that they should be cautious, because the thing looks like this could be very detrimental to the President?

Mr. ABRAMS. I wasn't informed by anybody about the whole Iran issue. I didn't know that was taking place.

Mr. HATCH. Did you hear about anybody being informed, see any directives, see any memorandums, see any directions to watch out for this stuff; did you see any attempt to try to establish credibility for their arguments so that the President could listen to the other side of these things, rather than make some of the mistakes that were made here?

Mr. ABRAMS. This is something which I in the Latin American field was not aware.

Mr. HATCH. If I could make one comment, Mr. Chairman? I think in all honesty, I like George Shultz and Cap Weinberger, they are good people, and I like Bill Casey, and there is no question he helped to bring the CIA back to a position of confidence in many ways and respects with all the difficulties that transpired in those tempestuous years, but I think that people on that council and in that deliberative body have to do more than just say we object to this program, we don't like this program.

They have to be people with foresightedness who can look into the future and say, hey, we better watch this. We are here to protect our foreign policy of this country. If the case is made we are here to help the President, and we are here to make sure that nothing wild-eyed goes on—and yet, they didn't do that, and I think that is valid criticism of those people who demanded that the President speak out on his radio broadcast and alleviate any responsibility for them.

I appreciate your testimony. You have been forthright, you came forth here, and I heard your testimony before the Intelligence Committee as well, and I do understand some of the difficulties between answering everything, just spilling your guts before the committee, or waiting until they ask the appropriate or right question, and I think there is a lot of that that goes on, and I don't blame you because of the loss of information that has occurred from the House and Senate Intelligence Committees over the last few years.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Stokes?

Mr. STOKES. Thank you, Mr. Chairman.

Mr. Abrams, both yesterday and today, on several occasions, you have made reference to the promise of confidentiality that you and our government gave to the government of Brunei, and utilizing that as the rationale for not disclosing this information to the U.S. Congress.

It seems to me that this juxtaposes a rather serious policy question. That question would be, does your obligation to another government, in this case Brunei, take precedence over your obligation to tell the truth to your own government, in this case the U.S. Congress?

How would you answer that question?

Mr. ABRAMS. No. That is why I sought authority from the Secretary to reveal the solicitation to Congress.

Mr. STOKES. Well, then, this sort of poses a question—before you came to Congress, there must have been some understanding between you and others as to what you would tell the Congress if you were asked this question.

Mr. ABRAMS. No, there was not. There was no reason to expect the question would be asked until noon, November 25th, and I was testifying a couple of hours later.

Mr. STOKES. So then you, solely acting on your own, made the decision that you could not tell the truth to the Congress until you received authorization?

Mr. ABRAMS. No. I think I would say that it was clear to me that this was something that was not being reported, not to be reported to the Congress. It was a diplomatic activity. I believe I had discussion of this—we had a number of discussions with the Secretary. This was not an intelligence activity that had to be reported.

We were not going to report it, at least at that point. Of course, the whole situation changed at noon that day with those revelations, and I was in the unfortunate accidental position of being up here a couple of hours after that.

Mr. STOKES. This morning in answer to a question posed to you by Mr. Broomfield, you made a statement that I was very impressed with. You said foreign policy should not be run by private citizens, foreign policy should not be run by going to foreign countries for funding, foreign policy should not be run by the National Security Council.

When did you arrive at these conclusions?

Mr. **Abrams**. Reading the Senate Intelligence Committee report, the Tower Commission report, watching these hearings, we can see the results of some of those activities.

Mr. **Stokes**. So, just recently, you have come to this conclusion?

Mr. **Abrams**. In the context of this investigation, sure. The question of reliance on private individuals was never really raised as a major policy question until now—in the last few months.

Mr. **Stokes**. Would you accept this addendum to these previous conclusions? That foreign policy should not be run by the executive branch of government by deceitful and deceptive testimony to the U.S. Congress?

Mr. **Abrams**. Sure.

Mr. **Stokes**. Mr. Secretary, you said earlier that despite the obvious import of Mr. Melton's memos, that you and he sort of strung along General Singlaub. You never really gave him a definite no on the question of sending a signal to foreign countries, is that correct?

Mr. **Abrams**. That is right. We temporized.

Mr. **Stokes**. Isn't that paramount to letting General Singlaub believe that the U.S. Government was in favor of his efforts, but as Mr. Melton's memos say the time just isn't right yet?

Mr. **Abrams**. You might say I think we were in favor of his efforts. It is just that we couldn't do anything to help him. The President had said on many occasions publicly that we were in favor of the private individuals who were helping the resistance, but we couldn't help them.

Mr. **Stokes**. How does this differ from when you said to us yesterday that Mr. Melton's memos were wrong?

Mr. **Abrams**. Mr. Melton said that in sworn testimony to this committee.

Mr. **Stokes**. I'm not asking you about what Mr. Melton said, I'm ask you this: in exhibits EA-5, 6 and 7, dated May 14, May 15, May 22, Mr. Melton says in EA-5, the move—"the earlier decision to pass the message he had requested had been reconsidered. The judgment here was that the timing was not right. To move now means complicate other priority matters of importance of which he was aware."

In EA-6, in his memo to you, he says, "approaches by him at this time might complicate our efforts." Then, in EA-7, it says, "he would like to hear from you why his initiative was untimely." Doesn't it appear to be consistent with saying that we are in accord with this thing, but the time just isn't right?"

Mr. **Abrams**. Well, at this point, something new was happening Mr. Stokes. It was not that I was refusing to help General Singlaub. I had told him a private citizen, don't solicit any aid for the Contras from a foreign government, please. He had a right to say, "Wait a minute, Abrams is not telling me he can't help me, Abrams is telling me knock it off completely. Why?"

Answer: Because we had had an NSPG meeting. We were discussing this, and this period was just after the NSPG meeting at which a decision had been reached that the U.S. Government would make a solicitation, so I went further than not helping him, I obstructed him. I told him to stop and he deserved an explanation of some sort.

Mr. **Stokes**. Thank you, Mr. Chairman.

Chairman **Inouye**. Senator Sarbanes?

Mr. **Sarbanes**. Thank you, Mr. Chairman.

Mr. Abrams, I want to clear up one thing—you said yesterday in talking about Eden Pastora, that a lot of people regarded him in a negative way, and you even went so far as to say they regarded him as being disloyal; disloyal to whom?

Mr. **Abrams**. Disloyal to the resistance in the sense that there were accusations that he was, in fact, a kind of Sandinista agent.

Mr. **Sarbanes**. This assertion was that he was that he was working for the Sandinistas?

Mr. **Abrams**. There have been such assertions made, yes.

Mr. **Sarbanes**. Do you place any credence in such assertions?

Mr. **Abrams**. I don't now.

Mr. **Sarbanes**. Did you then?

Mr. **Abrams**. Early on coming into this job the first 6 months I had not met Mr. Pastora, I was hearing very, very negative things about him from those who did know him, and I did not have any basis to make that judgment. People who claimed to know a lot about it entertained that judgment. I don't believe it.

Mr. **Sarbanes**. You were the chairman of the RIG, but you deprecated the role of the RIG in your testimony here saying it is essentially a coordinating agency. As I understand it, you deny that there was a three-person sub-RIG?

Mr. **Abrams**. That is correct.

Mr. **Sarbanes**. You, North and the CIA Central American Task Force Chief?

Mr. **Abrams**. Usually when we met we were not three, we were four.

Mr. **Sarbanes**. Who was the fourth?

Mr. **Abrams**. Frequently, the Deputy Assistant Secretary for Central America?

Mr. **Sarbanes**. Who's your subordinate?

Mr. **Abrams**. Yes, who's a career Foreign Service——

Mr. **Sarbanes**. You said in these meetings you would have 12 or 15 meetings; is that correct?

Mr. **Abrams**. That is correct.

Mr. **Sarbanes**. Were they subordinates to the three?

Mr. **Abrams**. No, sir, they were not.

Mr. **Sarbanes**. Was there anyone in those RIG meetings that was superior to you in the State Department ?

Mr. **Abrams**. In the State Department, no, I was the highest ranking State Department officer.

Mr. **Sarbanes**. Were you the highest ranking government official who participated in the RIG?

Mr. **Abrams**. No. When he participated, Assistant Secretary Armitage is of the same ranking.

Mr. **Sarbanes**. How often did he participate?

Mr. **Abrams**. I would have to check the book.

Mr. **Sarbanes**. Is it fair to say that the Defense Department did not participate very much in meetings of the RIG?

Mr. **Abrams**. No, no, that would be wrong. For one thing at virtually every meeting a general, who was first the admiral, then a general who was executive assistant to the chairman of the JCS was present.

I don't know how I rank compared to such a person, but he sure was not a subordinate or mine, nor did Mr. Burghart from the NSC view himself nor was he a subordinate of Colonel North's, we had usually the director of Latin American Division of the CIA, but we also had people from the director of intelligence also who were not subordinate.

Mr. SARBANES. Your records show that the three of you would meet on a periodic basis, in addition to whether that is a sub-RIG or separate or apart from the RIG, you and North, and the CIA head of the task force would meet on a periodic basis?

Mr. ABRAMS. My records show that in an 8-week period in the spring of 1986, we did that.

Mr. SARBANES. Now at any point in the course——

Mr. ABRAMS. But again not on a three-man basis. Customarily not on a three-man basis. There were three-man meetings.

Mr. SARBANES. Who did you perceive North as working for?

Mr. ABRAMS. The National Security Adviser and the Deputy National Security Adviser when Mr. Fortier was alive.

Mr. SARBANES. Are you familiar with the testimony of Mr. McFarlane where he wondered if maybe he was struck as it has developed by the extent of contacts between North and the Director of CIA?

Mr. ABRAMS. Yes. I read that or watched that.

Mr. SARBANES. Did it occur to you at the time that there was a strong connection there?

Mr. ABRAMS. No. Colonel North never invoked Mr. Casey's name in meetings, nor was I aware of meetings between them other than the NSPG's and so forth.

Mr. SARBANES. When you were making these public statements, these blanket assertions and these categorical assurances, did you at any time suspect that you were in a sense being used as the front person and being denied information which would leave you free to make these statements?

Mr. ABRAMS. No.

Mr. SARBANES. Where did you think the money was coming from for the Contras?

Mr. ABRAMS. Well, I had, I think, asked that question even upon coming into the job. The agency people testified that the money was coming—I don't mean testify—wrote in written reports of the CIA, which are available, that the money was really being raised by the Contras through their corporate and individual contacts in this hemisphere and in Europe.

I thought that the money was coming from a certain number of rich Americans and a certain number of rich Europeans, not through foreign governments.

Mr. SARBANES. You mean through things like the Singlaub effort?

Mr. ABRAMS. And perhaps 10 others. I am familiar with one thing that General Singlaub did where he raised some money from a rich individual.

Mr. **Sarbanes**. Of course, he raised by his testimony, something like $500,000 from his own efforts. You had no sense of that dimension; is that correct?

Mr. **Abrams**. We didn't know what of General Singlaub——

Mr. **Sarbanes**. Let me ask you about this testimony before the Senate Select Committee on Intelligence and then going back to see the Secretary of State.

As I understand it, that he said to you on revealing Brunei that it was up to you, or did he say he thought you ought to tell the Congress?

Mr. **Abrams**. My memory is he said it was up to me, but not to reveal the name of the country. If I thought I should do it, do it, but I was instructed don't reveal the name of the country even if I was revealing the solicitation..

Mr. **Sarbanes**. He didn't tell you to tell, he said it was up to you to decide?

Mr. **Abrams**. That is my recollection.

Mr. **Sarbanes**. Did it become clear in that conversation that you had also told the committee that no money had been gotten from any other country?

Mr. **Abrams**. No. I hadn't seen the transcripts and he certainly wouldn't have either.

Mr. **Sarbanes**. In the course of discussing this you didn't indicate that you had made that kind of assurance. You were concerned that the committee had asked you about money coming from other countries and you told them there wasn't any money; is that correct?

Mr. **Abrams**. That is correct. There was concern about the solicitation of Brunei.

Mr. Platt, who was Executive Secretary, was one of the people I discussed this with and he was the person who actually spoke to the Secretary about it.

Mr. **Sarbanes**. Did the Secretary indicate to you in that conversation where you were concerned——

Mr. **Abrams**. This was not a direct conversation between us. It was via Mr. Platt. I believe the Secretary was out of the country, I think, at this time.

I went to Mr. Platt who conveyed this message to the Secretary and conveyed back the answer, if you think you should do it, but don't reveal the name of the country.

Mr. **Sarbanes**. Because at that time the Secretary knew the money had also come from Country Two?

Mr. **Abrams**. I can't speak to that, but he did not get a kind of full report much less the transcript of the testimony of November 25th. He got an inquiry about Brunei.

Chairman **Inouye**. Your time has expired.

Chairman **Hamilton**. Mr. McCollum?

Mr. **McCollum**. I would like to put something in perspective. We have been talking about private assistance that government officials apparently had been aiding with to the Contras, or to the Democratic Resistance Forces in Nicaragua.

Senator McClure brought up a series of names of organizations that he ran by you that have been raising money in the U.S. privately to aid Communist forces down there, be it the Sandinista Government or the FMLN or the Salvadoran guerrillas.

One or two of those were organizations like the New El Salvador Today, the U.S. Committee in Solidarity with the people of El Salvador, which is known as CISPES I think, Medical Aid for El Salvador, Nicaraguan Network and so on.

Most of those I named I believe you indicated some familiarity with, and a few he named you said you did not know. What concerns me is not the fact that there are organizations existing raising money, they raise it for all kinds of crazy causes in this country, some of which I believe in, and some of which I don't, but what wasn't asked of you that does concern me, are you familiar with any government officials who have helped these organizations any of these private organizations raise money to support the Sandinista cause or the FMLN or the guerrillas in El Salvador, any government officials in any branch of the Federal Government, be they Congress or the administration.

Mr. ABRAMS. I am familiar with the literature of those groups in which their fundraising materials use the names of Members of Congress.

Mr. McCOLLUM. I have put before you exhibits 47 through 50 for the committee purposes. I would like to look at those.

Exhibit 47 purports to be a letter over the stationery of Congressman John Conyers for New El Salvador Today; exhibit 48 purports to be a letter over Congressman Dymally's stationery for the U.S. Committee in Solidarity for the People of El Salvador.

Both of those are organizations, as I understand it, that are supportive of the guerrillas in El Salvador, is that correct?

Mr. ABRAMS. Yes. CISPES, in fact was founded by the head of the Communist Party in El Salvador, Mr. Hadal, in 1980.

Mr. McCOLLUM. And they have——

Mr. ABRAMS. 1980, if I recall.

Mr. McCOLLUM. They have been raising money somewhat extensively in the United States in recent months; have they not?

Mr. ABRAMS. Certainly tried, yes.

Mr. McCOLLUM. Now exhibit 49 is a series of cables, State Department messages from the Embassy in El Salvador discussing these organizations and in fact a whole history of the finances of the FMLN in El Salvador over a period of years, and included in that at the bottom of the first page, it discusses the medical aid for El Salvador group, Maze, I think it is, and it lists quite a number of Congressmen who are supposedly sponsors of this organization, and have written letters on their behalf or whatever. Are you familiar with this cable traffic that has gone on to—I presume that is to your office.

Mr. ABRAMS. Yes, yes, it is standard traffic from the Embassy in San Salvador to essentially my Bureau.

Mr. McCOLLUM. The last exhibit, exhibit 50 is a copy of a letter from Congresswoman Schroeder, purportedly, on her stationery at least, on behalf of the Nicaraguan network raising funds for that particular group, which apparently is aiding the Sandinistas in this whole process.

Are you familiar with that organization?

Mr. **Abrams**. I have heard of it, but I am much less familiar with it.

Mr. **McCollum**. All right. Does it concern you, as it does me, that private citizens not only are raising money, but Congressmen are out raising money for the purposes of supporting organizations and entities that our government finds to be against our policies?

Mr. **Abrams**. Yes, I mean they certainly have the right to do it, but I remember the question I was asked earlier about divisions within the executive branch. Here is a division in the legislative branch where the vast majority votes money for President Duarte's Government in El Salvador and others are supporting the FMLN efforts to depose him.

Mr. **McCollum**. Interestingly enough, most of this went on after Congress passed a law, the International Security and Development Act of 1985, in which that very law we praised President Duarte, talked about the democracy that was down there, certainly would not support as a Congress any opposition to his government any longer, and in that same particular law we had findings of fact finding that the government of national reconstruction, now known as the government of Nicaragua and controlled by the FSLN, has flagrantly violated provisions of the June 1979 resolution, the rights of the Nicaraguan people, the security of nations in the region, and so on.

It seems to me that we have right at this time, and since we have even passed these laws, members of these bodies of Congress, of which I am a member, who are out in the same way many are accusing now our executive branch of raising funds for the purpose of things privately that go around the policies of our government, in other words, conducting foreign policy in the name of whatever organizations these are.

I would like to point something else out. In that cable, buried in that cable traffic exhibit 49—I don't know which page it is on because the pages are not numbered, but there is a point in there in which it is discussed that some of these organizations have been documented, though they are supposedly a lot of them for humanitarian purposes, that up to 70 percent of the moneys that actually were intended or purported to go for humanitarian purposes, at least with regard to the Salvadoran Resistance actually went for arms, for the purchase of arms. Are you familiar generally with the fact that a lot of the money that has been raised in the past to go down there to support the resistance forces has indeed gone to purchase arms instead of humanitarian purposes?

Mr. **Abrams**. The Embassy reports that there was a high level defector named Costellanos who was a high level FMLN official, that is, who reported the same thing. That is, there were no financial controls whatsoever. The money goes down and the FMLN does whatever it feels like with it.

Mr. **McCollum**. The GAO doesn't go down there and take accounting of these funds, do they, Mr. Abrams?

Mr. **Abrams**. No.

Mr. **McCollum**. I think I have made my point. We have got the pot calling the kettle black to a certain extent in this process. I don't like the private funding operation any more than I think you do. You expressed that today. But I don't think it is right for Members of Congress to be out there privately funding those folks on the other side of the equation either, and I think it has been very wrong.

I yield back, Mr. Chairman.

Chairman **Hamilton**. Mr. Boland.

Mr. **Boland**. Mr. Secretary, I want to direct your attention to November 24 of 1986. To refresh your recollection, November 24 was on a Monday, as you know. Just a few days before, the Justice Department officials had looked through Colonel North's files in his office and on the day before, on a Sunday, North had been questioned by Attorney General Meese.

The next day on November 25, the Attorney General held his famous press conference, and North was fired. The committees have testimony that you met with Oliver North in his office on November 24.

Do you recall that meeting?

Mr. **Abrams**. Yes, it was an interagency group meeting on Nicaragua in his office.

Mr. **Boland**. Was that a meeting of the RIG?

Mr. **Abrams**. No, the RIG was over. Under the new NSDD, it was not a meeting of the RIG.

Mr. **Boland**. Who was present at that particular meeting?

Mr. **Abrams**. We would have to check the records. There were representatives as usual of all four agencies, NSC, State, DOD, CIA.

Mr. **Boland**. What was said?

Mr. **Abrams**. What was said?

Mr. **Boland**. What was said at the meeting?

Mr. **Abrams**. It was a standard meeting to discuss the Nicaragua program. I have no memory of the content of the meeting. It is probably a fairly normal meeting.

Mr. **Boland**. Did you meet with Colonel North separately before or after that meeting, alone?

Mr. **Abrams**. I think I stayed behind at the end of the meeting.

Mr. **Boland**. What was said at that meeting and what did you discuss?

Mr. **Abrams**. I said to him that I noticed that Southern Air Transport was mentioned in the newspaper as a—Southern Air Transport was a company that we found out, if I remember this correctly, after October 5 had been involved in arms shipments to the—well, in Central America.

I asked whether there was any—and now I guess over the weekend somebody—it had been mentioned in connection with Iran. I raised the question, and he kind of—he didn't really respond to it.

Mr. **Boland**. What was Colonel North's demeanor at that time? Was he agitated?

Mr. **Abrams**. No.

Mr. **Boland**. He was not upset, not disturbed?

Mr. **Abrams**. No, we had about an hour long meeting. These meetings of the RIGs and IGs are an hour long, and I have not asked any of the other people who were there. There were eight of us at the IG meeting, but my memory is of no agitation, nothing like that whatsoever.

Mr. **Boland**. Did it——

Mr. ABRAMS. Just a normal meeting.

Mr. BOLAND. I have a feeling that this was a particular climate in which pandemonium was probably loose, not as a result of the Attorney General's press conference, not as a result of the Department of Justice going through Colonel North's files. That didn't disturb him one bit?

Mr. ABRAMS. No, as I say, as I said, if I remember right, there were seven other people at the meeting. It was roughly 8 to 10 people.

Mr. BOLAND. Did he ask you for any advice with reference to the problems that he had at that time?

Mr. ABRAMS. No.

Mr. BOLAND. Let me ask you——

Mr. ABRAMS. None of the events of the weekend, I think, were in the newspapers, as I recall it, and so we didn't know about them. But I do not recall any sense that this was a meeting out of the ordinary at all.

Mr. BOLAND. Well, of course you know Colonel North better than I, because you dealt with him since, well, since you came as Assistant Secretary of State.

Mr. ABRAMS. July 1985.

Mr. BOLAND. July of 1985. But it would surprise me that in the climate of the times that it was sort of a normal meeting.

Mr. ABRAMS. Well, in retrospect it surprises me, too, but as I say there were 8 or 10 there and you can ask them, and perhaps have asked them, but my memory is no sense of—well, you use the term "pandemonium"—of upset at all.

Mr. BOLAND. Let me ask you another simple question.

Mr. ABRAMS. Let me just explain that the NSDD says this IG will meet in the White House and the reason that we did not meet in the situation room that day was it was already booked.

Mr. BOLAND. When the Hasenfus supply plane was shot down and the bodies of the two Americans who were killed were left outside the U.S. Embassy in Managua, did you contact Colonel North to seek assistance in raising the money necessary to bring the bodies back to the United States?

Mr. ABRAMS. To reimburse the Embassy, yes, sir. That is to say the Embassy paid the money for, I guess you would say, embalming and preparation. And the Embassy then said—cabled me, I think. It could have been a phone call to, but not to me—cabled the Bureau or called the Bureau and said, "We need to be paid back."

I said—it was $2300, if I remember—I said, "Take it out of the Bureau. We have enough funds in the Bureau to pay that for people like this—Cooper and Sawyer." I was then informed you can't do it. Not legal. We have to figure out, you know, you send it to the families, which I thought was pretty raw. So I called Colonel North and said, "Is there any way to raise money? Could you raise the money?"

Mr. BOLAND. But you did talk to Colonel North at that time?

Mr. ABRAMS. Yes, this would be October——

Mr. BOLAND. October 6, I think you said.

Mr. ABRAMS. No, that was the day after. We had two issues at that point. We had the Hasenfus lack of consular access and the coffins, bodies, whatever.

Mr. BOLAND. Mr. Secretary, what made you think that Colonel North could be of any help?

Mr. ABRAMS. Well, the ability to raise money outside is not something that is particular mysterious. As an Assistant Secretary of State for Human Rights, I had raised outside money for causes that I thought were worthy causes, but which could not take—which government money could not be spent on.

At some point right in this period, Colonel North had told me that he was in fact involved in raising a defense fund for Mr. Hasenfus, which Mr. McFarlane was helping with, and so it just seemed like a logical thing to do if he was already raising money for defense fund especially.

Mr. BOLAND. Let me ask you another simple question. Your policy with reference to obeying the law was a very solid one and you constantly gave advice to those that you were working with to stay within the perimeter of the law; is that correct?

Mr. ABRAMS. Well, the people in the Department really didn't need that advice.

Mr. BOLAND. As a matter of fact in the quote to the House Foreign Affairs Committee you said that the policy was a hands off, stay-away policy, was the safest thing to do to comply with the great Boland amendment. Would you like to change the adjective?

Mr. ABRAMS. I don't remember the testimony.

Mr. BOLAND. That is the testimony. Thank you very much.

Chairman HAMILTON. Mr. DeWine.

Mr. DEWINE. Thank you Mr. Chairman.

Mr. Secretary, in May of 1983, the House Permanent Select Committee on Intelligence issued a report stating the Salvadoran insurgency, and I will quote from that report, "depends for its life blood, arms, ammunition, financing, logistics and command and control facilities, upon outside assistance from Nicaragua and Cuba. This Nicaraguan-Cuban contribution to the Salvadoran insurgency is long-standing.

"It began shortly after the overthrow of Somoza in July 1979. It is provided by land, sea and air, the great bulk of the military equipment and support received by the insurgents."

Is that assessment still valid today?

Mr. ABRAMS. It is very difficult to measure the exact amount of material going from Nicaragua to the FMLN. There is material going and it is still the case that the headquarters of the FMLN is in Managua.

Mr. BOLAND. The headquarters?

Mr. ABRAMS. The headquarters is in Managua. So the relationship is essentially as presented there, though I can't measure the volume of material going.

Mr. DEWINE. Mr. Secretary, you stated in your testimony this morning in regard to these events that this is not the way a great nation should conduct its foreign policy. And I think there is a general consensus about that. I think we all can agree with that. I think there is blame to go around in the administration, I won't take my time to tick off the reasons. There is blame also, I think, in the U.S. Congress.

But having said that, we are all learning a lot, and these hearings are going to be over with, we hope, by the latter part of July, but we are still going to be faced with the necessity, the urgency of developing a bipartisan foreign policy in regard to Central America, a region of the world that is close to us, a region of the world that I think there is agreement in Congress, Democrats and Republicans alike, that is essential to our national security.

You have been involved in this closer than just about anybody else, at least in the implementation, and I suspect formulation of policy with regard to Central America. What can we do as a country to deal with this major problem? You know, we all look back, I guess it is the 40th anniversary of the Marshall Plan, there are articles in the paper about that, and we all look back, and I don't know if there is a historical parallel or not, I suspect there is. I know things are different, but what can we do to develop that type of a bipartisan approach to this very urgent problem that we face?

Mr. ABRAMS. I guess if I knew the answer to that, really, I would be doing it already. Because we have certainly searched our minds in an effort to come up with answers to that question. I think there is now an understanding in the Congress that this is a grave security threat to us, that we are dealing with a Soviet-linked Communist government in Nicaragua. We have not yet persuaded the American people of that. That is a crucial fact. We have to start with that.

I think we in the executive branch have to work better and more closely with Congress, as well as getting the news out to the American people about the extremely tough choices we face. My sense is that people are still looking for easy answers. There are no easy answers. The problem is long past that. There are only difficult answers.

In terms of getting more bipartisan support, I don't know any answer really other than trying to get the facts around as much as possible.

Mr. DEWINE. I just would hope that this is the approach that we all take. You know, we have all the facts out, we are going to get the facts out in this hearing. Every fact, virtually every fact, is going to be known. Most of the facts are already known. The mistakes are obvious. The mistakes that we have made as a country, the mistakes that the administration made, the Congress made.

But, you know, we need to deal with the vital questions of the day, and I think that is what the American people expect us to do, and I hope that all of us, administration and the Congress alike, keep our eye on the ball and keep our priorities straight and recall what our real obligation is here in the U.S. Congress and the administration and that the area of Central America is absolutely vital to the future of this country.

Mr. Secretary, let me move, if I could, are you aware, to another area, are you aware of a recent public opinion poll in the four Central American Democracies which country the people of each of those countries fear the most as far as any kind of threat to the security of that country?

Mr. ABRAMS. Yes, there is a Gallup Poll that is in the Congressional Record, and the answer is in all four countries, Nicaragua.

Mr. DEWINE. In the same poll, are you aware of whether or not the question was asked in regard to whether or not the United States should be supporting the Contras?

Mr. **Abrams**. Yes.

Mr. **DeWine**. And what was the answer?

Mr. **Abrams**. The answer was yes. Citizens of Central America approve of the President's policy, and the Congress' policy, as we sit here today, of supporting Nicaraguan Resistance Forces.

Mr. **DeWine**. That was better than 60 percent in each of those four countries that are most intimately involved or potentially most intimately involved with the Sandinistas in Nicaragua, is that correct?

Mr. **Abrams**. Yes, Nicaragua's neighbors know the Sandinista regime, and they fear it, and they want us to help the resistance to it.

Mr. **DeWine**. Mr. Secretary, why do you suppose that the church groups in the United States, some of them at least, offer support for the Sandinista's regime in Nicaragua when the Catholic church itself in Nicaragua is really one of the main victims of the Nicaraguan regime and in a sense really is one of the strongest opponents of that Sandinista regime? Is that a little ironical to you?

Mr. **Abrams**. I really have to say, Mr. DeWine, I have asked this question before, and I have groped with it before, and I don't know the answer. I cannot figure it out. The church in Nicaragua, the Catholic church, is being destroyed by that regime.

Mr. **DeWine**. Mr. Secretary, my time is up. Thank you.

Chairman **Hamilton**. Does the gentleman from Florida, Mr. McCollum, have a request?

Mr. **McCollum**. I have a unanimous consent request, Mr. Chairman, the four exhibits, fundraising letters and cables marked EA-47 through 50, I would ask they be admitted to the record.

Chairman **Inouye**. Is there objection? The chair hears none. So ordered.

Chairman **Hamilton**. May we also put into the record, Mr. Chairman, the poll reported in the paper this morning with respect to Nicaragua which shows that by 67 to 29 percent those polled opposed further aid to the Contras.

Chairman **Inouye**. Without objection, so ordered.

Chairman **Hamilton**. Mr. Jenkins.

Mr. **Jenkins**. Thank you, Mr. Chairman.

Mr. Secretary, I will be very quick, because I think I am the last interrogator.

Various witnesses for some time have estimated that the number of Freedom Fighters that were in Nicaragua varied between 3,000 and 10,000. Is that in the ball park?

Mr. **Abrams**. It was prior to the $100 million program. Now it is much higher than that.

Mr. **Jenkins**. Substantially higher?

Mr. **Abrams**. Substantially higher.

Mr. **Jenkins**. One of the things that has always fascinated me, and I say this not to be humorous, but if anything really gets to the hearts of Americans, I think it is to have the thought that Freedom Fighters or any other troops that may be fighting in behalf of freedom or for this country don't have boots.

Now, I say that without being humorous at all, because let me tell you what has happened. We have had General Secord talking about that; you have a cable that we are trying to get 100 pair of boots down to Pastora's people; we have had McFarlane, I believe, mention this, other witnesses mentioned this. It has been debated on the House Floor.

What is interesting to me, assuming 10,000, take the high figure, at $40 a pair, that is less than a half million dollars. Now we have appropriated $27 million for humanitarian aid. We have appropriated $100 million, and we have raised through the private sources millions of dollars through this private funding effort.

It appears to me that we could spend less than $1 million and give everybody 2 pairs of boots down there. Do you see any problem with that? You were in charge of the humanitarian $27 million section.

Mr. ABRAMS. Well, we did, in fact, do that. That is, people need, if they are fighting, need more than 2 pairs of boots because these boots do wear out in the jungle after something like 2 or 3 months.

Mr. JENKINS. Well, I have boot manufacturers in my district, so I am familiar with the cost and so forth, and I just wonder if there is a problem in finding sufficient boots for these people.

Mr. ABRAMS. The problem, there is no problem finding the boots, the problem is money. We spent $27 million in part for that exact purpose, and one of the main commodities we purchased with that money was boots.

Mr. JENKINS. I mean, the decision that you were making was whether or not to give them a watch, as I remember your testimony. It seems to me that a pair of boots would be more important than a watch.

Mr. ABRAMS. Boots were right at the top of the list. Boots were contemplated clearly in the congressional debate. Uniforms were clearly contemplated in the congressional debate, and we include boots in that.

Mr. JENKINS. If we gave everybody $1,000 worth of uniforms——

Mr. ABRAMS. But we are.

Mr. JENKINS. We are talking about $10 million.

Mr. ABRAMS. No, Mr. Jenkins, we are talking about a force at this point, some of which was unarmed, but a force of something like 18,000 people.

Mr. JENKINS. That concerns me because every witness seems to mention it, and as I calculate a price of a pair of boots, it doesn't register right with me with 10,000 people that you can give 2 pairs of boots for less than $1 million.

Let me move on, because I am running short on time. You were not acquainted with the fact that Dr. Sigur had met with representatives and set up appointments for Colonel North in 1985, correct?

Mr. ABRAMS. Correct.

Mr. JENKINS. Now, he would have reported that to the Secretary of State, would he not?

Mr. ABRAMS. It depends. Dr. Sigur had been at the time in question on the NSC staff before becoming Assistant Secretary of State. I don't know in which capacity——

Mr. JENKINS. At any rate, you didn't know anything about it.

Mr. ABRAMS. Correct.

Mr. JENKINS. And you never were told about it?

Mr. ABRAMS. That is right, until these hearings.

Mr. **Jenkins.** Until these hearings. There were at least two million from Country Three, was it—Country Three; there was at least some from Country Two.

Mr. **Abrams.** I don't recall the numbers, but, yes. I was not told those facts.

Mr. **Jenkins.** And you are opposed to that type of fund raising, as I am, from third countries, is that right?

Mr. **Abrams.** Well, in principle, I am opposed to it.

Mr. **Jenkins.** Because of the dangers. You indicated that if in international politics, I believe you indicated, if this occurred, you would know about it now because that country would expect some largess or some——

Mr. **Abrams.** Well, we have proper procedures now, so I would know about it, in any event. I would know about it before it happened.

Mr. **Jenkins.** So you are not aware as of now whether or not Country Three got what they asked for, if they were anticipating some largess, whether or not they received anything?

Mr. **Abrams.** I don't know. I can tell you when I took this up with Secretary Shultz in the spring of '86, he specifically and flatly said we didn't want to do countries like Taiwan and South Korea because of the political relationship with them.

Mr. **Jenkins.** I see. Because of the political relationship?

Mr. **Abrams.** You remember that I—I can run through a list of countries now in the world that I mentioned to Secretary Shultz at that time as countries that I thought we might be able to get money from. And he gave me two rules, and the two rules that he gave me were no country which was a right-wing dictatorship, such that the political link to the Contras would be negative, and no country which was getting a lot of aid or help from us, because then you would be accused of putting the arm on them even if it weren't true.

Mr. **Jenkins.** I see. I would agree with that entirely.

Let me ask one final question, because my time is up. During the critical time, you were not informed of the Hasenfus relationship to our government, and you were denying, as you previously testified to, North or his deputy, someone had misled you there when you asked specifically about that, as I understand your testimony.

Mr. **Abrams.** I actually spoke to his Deputy on October 6.

Mr. **Jenkins.** Now, you just indicated to Mr. Boland that North was involved in a legal defense fund for him.

Mr. **Abrams.** I don't think it ever actually got going, but he told me he was going to be involved and that Bud McFarlane would be involved.

Mr. **Jenkins.** So that at that time you knew that he had an interest.

Mr. **Abrams.** Well, no greater than my interest. It was the policy of the Department of State.

Mr. **Jenkins.** I mean, he had an interest in raising money to defend the man.

Mr. **Abrams.** He had an interest in helping Hasenfus, that was the policy of the Department of State, as well, to help this man and his family.

Mr. Jenkins. And once again, in order to ship the other bodies back or to take care of the expenses, we decided to once again call upon poor old Colonel North to raise the money.

Mr. Abrams. As I say, I wanted to do it myself. I wanted it to come out of my Bureau's budget. I was told I couldn't do that. So I called up Colonel North and said, could you raise the money?

Mr. Jenkins. That is the same thing that happened with the rest of the executive branch; when we couldn't get the money, we asked Colonel North to raise it. He did raise it.

Thank you very much.

Chairman **Hamilton.** Mr. Secretary, your long hours before these committees are about to come to a close, and I want to thank you for your testimony.

I know you to be a dedicated and able public servant, and your appearance is very much appreciated by me and all members of the committees.

The point I want to make is that I think the tactics that were employed by the administration in carrying out its policy in Central America impeded, if they did not defeat, the policy objectives that you sought.

The means the executive pursued undermined the ends you desired. I think you recognized that early, and I appreciated that. Let me try to be specific about the means, and I don't mean to beat a dead horse here, because you have had long sessions, and you have testified well.

First, you misled the Congress because you gave Congress information that was not true in some instances. Let me make the statement and you certainly may respond. You acknowledged that you made statements that were not true, and that at least in some instances, your testimony taken as a whole is misleading.

It is not my intention to go through all of that, because we have talked about it for a long time. But we have here not a single inadvertent statement, but a pattern of statements upon which the Congress and its committees relied. And over a period of time, whether intentionally or not, you and your colleagues kept from the Congress critically important facts about policy.

By no stretch of the imagination can the approach of the administration in presenting and defending its policy be considered candid or forthcoming or cooperative, and those characteristics, I believe, lie at the heart of successful foreign policy making in this country.

Second, you, the administration, relied on secrecy as the chief means to carry out key aspects of your foreign policy goals. The executive tried to implement its policy in secret, and you said, I think earlier today, that ultimately you can't do it that way, and you and I agree at that point.

Now, let me just make one comment about secrecy, almost parenthetically, if I may. The administration kept from the Congress information about soliciting funds from Brunei, and if I understand your testimony correctly, you said that you wanted to maintain the sultan's request for confidentiality.

I really do not see why we in the United States should let a foreign sultan dictate the requirements of our foreign policy. These are matters that ought to be determined by our processes, not theirs. We simply cannot let a sultan or a king undermine the established constitutional procedures of our government.

Third, I think you diminish the role of Congress in the foreign policy process. You told us in your opening statement, and we all agreed with it, that Congress must be a powerful participant in the making of foreign policy. But your actions, as you acknowledge, were not compatible with your rhetoric.

You said that unless Members of Congress ask exactly the right questions, they won't get the right answer, with regard to one hearing at least, and that is precisely the wrong tactic.

The object here is not to avoid a perjury indictment. The object is not to work to make your answer literally correct but nonetheless misleading. The object is to make the Constitution of the United States work. Congress is a partner, not an adversary. Congress is an adviser, not an obstacle, and the executive and the Congress are meant to work together, and those of us who have responsibility for carrying out that task must make the system work.

Fourth, you, as others have pointed out, kept yourself ignorant about an important part of policy for which you had responsibility. I was impressed in your testimony about your emphasis on the compartmentalization of policymaking. You did your thing, Colonel North did his thing. You said you did not need to know what Colonel North was doing, and for you, it was enough to know that the State Department was not in violation of the law.

That may satisfy you, but it cannot satisfy the Congress. For whatever reasons, and I don't want to judge those reasons, you did not ask the questions that you should have asked about the private network. You looked the other way. You chose not to be informed about a key element of policy directly under your jurisdiction.

Let me try to conclude. We cannot advance U.S. interests if public officials who testify before the Congress resort to legalisms and word games, claim ignorance about things they either know about or should know about, and at critical points tell the Congress things that are not true.

I am aware, and I don't need to be reminded, that the performance of the Congress in all of this is not flawless. I happen to agree with your observation the other day that this humanitarian aid program that we asked you to administer was simply unworkable, and that neither you nor anybody else could administer it well.

But I hope you recognize that the Congress cannot play its constitutional role if it cannot trust the testimony of representatives of the President as truthful and fully informed. The President cannot sustain his policy if he tries to carry that policy out secretly, and his representatives mislead the Congress and the American people.

Now, whether or not the policy of aiding the Contras is wise, the means you chose to achieve that policy—hiding crucial facts from the Congress, I don't say you did that intentionally, relying on secret means to carry out central elements of that policy, circumventing the foreign policy process, choosing to remain ignorant of key facts—I think undermined your policy and made it much more difficult for you to carry the day.

Under the Constitution, the executive and the Congress both play a key role in making foreign policy. Members of this committee of both parties of all persuasions have a deeply felt desire to show that our government's system of shared powers works, and I do not see how that can be done unless those of us who are charged with that responsibility speak to one another the truth.

You may respond.

Mr. ABRAMS. Well, I guess I would say I agree with the general points you have made. I would say with respect to myself, that I described some testimony yesterday, the testimony immediately after the Hasenfus shootdown as honest and wrong, and I would repeat that statement today, and I cannot promise that I won't be wrong again.

We try our best, we will try our best to inform ourselves of all the facts before we come up here. With regard to the Senate Intelligence Committee hearing, you mentioned diminishing the role of Congress with regard to one hearing at least. I would say with regard to one hearing, under extraordinary circumstances, the day of the Meese announcement and corrected by me at my initiative about a week later, after discussing this with the Secretary's office, the legal advisor, the FBI, and then coming back to the Congress.

That said, again I think I've said—well I would agree with you that the manner in which this policy was conducted over the past, what, 3 years, I guess, has in fact undermined support for the policy in the public and in Congress.

It isn't a speculative proposition. I think that your points can be demonstrated that you can't run a government that way, and you can't sustain support for a policy that way.

Chairman HAMILTON. We have appreciated your testimony, Mr. Abrams.

Mr. ABRAMS. Could I make a closing statement?

Chairman HAMILTON. I think Mr. Inouye has remarks. You certainly may of course at the appropriate time.

Chairman INOUYE. Senator Cohen, you have a final question?

Mr. COHEN. Mr. Chairman, earlier today Mr. Abrams referred to a deposition of Richard Melton. I think in fairness the deposition ought to be included at the conclusion of my remarks and our colleague.

Mr. ABRAMS. Thank you, Senator.

Chairman INOUYE. Without objection so ordered.

Whatever I have to say would be anticlimatic to Chairman Hamilton's statement.

I hope that witnesses will take heed. This panel is not organized to serve as prosecutors, and at times we forget that and we get carried away, but there are certain things that must be clarified.

You have before you a memo dated, May 29th, with countries designated with numbers. We have testimony indicating that the President of the United States was aware of the solicitation and the contribution made by Country Two.

Was the President of the United States notified as to the solicitation and contribution made by Country Three?

Mr. ABRAMS. I have no idea.

Chairman INOUYE. Was the Secretary of State aware or did he approve the solicitation?

Mr. ABRAMS. I really have no idea.

Chairman INOUYE. Who made the solicitation?

Mr. **Abrams**. You have to go back to the testimony I guess of Dr. Sigur and others. I don't know about those solicitations of those countries other than Brunei, which I have talked about, and Country Eight.

Chairman **Inouye**. In other words, a private citizen made a solicitation in the name of the United States from Country Three?

Mr. **Abrams**. My understanding is that a solicitation was made of three and I think five, in about 1985, by a private citizen of the United States which failed, yes. Failed because of the lack of official U.S. support for that solicitation.

Chairman **Inouye**. Who made the solicitation for Country Three?

Mr. **Abrams**. My understanding is General Singlaub made such a solicitation.

Chairman **Inouye**. With the authority and the approval of the U.S. Government?

Mr. **Abrams**. No.

Chairman **Inouye**. Country Number Four, who made that solicitation?

Mr. **Abrams**. I have no idea.

Chairman **Inouye**. Country Number Five?

Mr. **Abrams**. Again, General Singlaub, I think testified and also told us in the spring of 1986, that he had made a solicitation but that it had failed. And he planned to make another.

Chairman **Inouye**. Did he make this solicitation in the name of the United States?

Mr. **Abrams**. No, if I remember what he said, and I think Mr. Melton's memos indicate this. He said that because he lacked the signal, as he put it, he failed and that was why he wanted to get support from the U.S. Government.

Chairman **Inouye**. Was the President aware of the solicitations?

Mr. **Abrams**. I don't know.

Chairman **Inouye**. Country Six?

Mr. **Abrams**. I am unaware of any solicitation of that country at any time.

Chairman **Inouye**. Country Eight?

Mr. **Abrams**. I am aware of a possible solicitation, I am aware of a inquiry to that country for the provision of goods.

Chairman **Inouye**. Who made that inquiry?

Mr. **Abrams**. I am not sure. It may have been the Secretary or Assistant Secretary of State. I think those are the two possibilities.

Chairman **Inouye**. Was the President advised of the Brunei solicitation.

Mr. **Abrams**. Not by me, but I would be rather sure that he was so informed.

I am guessing but my guess is he was so informed by the Secretary or by Admiral Poindexter.

Chairman **Inouye**. Were you advised of the solicitation made to Country Number Two?

Mr. **Abrams**. No, sir, at no time until Mr. Dawson of the Tower committee staff mentioned it to me during my deposition to them.

Chairman **Inouye**. Was the Secretary of State advised of the solicitation?

Mr. **Abrams**. My understanding, which is very indirect, is that he was not advised and that he learned about it in that phone call from Mr. McFarlane.

Chairman **Inouye**. This has been a very difficult time for me as a Member of the U.S. Senate. Early this morning we were told how immoral we were in our congressional policy in Central America, and I suppose as a result you felt it justified to ignore some of our laws, carry out secret diplomacy, and some of your testimony just intrigued me.

For example, you had a major debate in the RIG on wristwatches, whether this was lethal or non-lethal, and yet you weren't sufficiently curious to inquire on the Hasenfus case or to check with Colonel North after the Miami article was published.

I have no idea who is being candid with us. It is not our job, we are not a bunch of prosecutors. But I think it must be, at the least, confusing for the people of the United States and, at worse, disconcerting to find that the Government of the United States has been less than candid not only with the Congress but with the people.

So I would hope that future witnesses would take the statement made by Chairman Hamilton very seriously, because I don't think we can stand too many days such as this listening to testimony which would question great heroes of ours. I don't know whether to believe you or General Singlaub, to believe you or Ambassador Tambs, and it is not my job to decide whether you or the other one is honest, but someone is not being honest with us. Can you help us?

Mr. **Abrams**. Senator, with respect to General Singlaub, I think his memory is wrong. I think he is being completely honest. I think he has always been completely honest. I don't think it is possible to say that he is being dishonest because his memory disagrees with mine.

I want to return for a moment to the word "immoral" to make sure you understood what I said or tried to say.

I don't approve of what I call "tin-cup diplomacy," but given the congressional mandate to engage in it which we have, given the terrible needs of the Contras, I thought it would be immoral for me to fail to use the authority you gave to the State Department to help them. That was the use of the word "immorality."

With respect to the wristwatches, we did debate it. Of course, that was something that was under the State Department's direct supervision and control, and we tried to do the best job we could with it. We had a lot of debates about the limits of that legislation.

Chairman **Inouye**. It has been a long day for you, sir, and we thank you very much. We have learned a lot.

Before we recess, before your closing statement, I would like to make the following announcements.

There will be a vote in the Senate at 2:00 p.m., when we recess, we will recess until 2:30 this afternoon.

Because it has been referred to extensively during Secretary Abram's testimony, and at the witness' request, the transcript of Mr. Abrams testimony to the Senate Select Committee on Intelligence on December 8, 1986, to the extent declassified, will, without objection, be made a part of the permanent record of these proceedings, and will be designated as exhibit EA-38.

Immediately at the end of this session, the panels with their senior staff will meet with Judge Walsh in Russell 236 for a very, very important meeting.

Secretary Abrams?

Mr. ABRAMS. Thank you.

There is a sense in which maybe what I should say is that the advice I would have to all those students who were watching is that if anybody comes up to you and says you should be the point man, you should walk in the other direction.

But I do have a statement that I would like to make, Mr. Chairman, and I appreciate this opportunity.

Although the process has been a painful one, the work of the Select Committees—and these hearings—are performing a very important function.

Obviously, charges of individual breaches of public trust require a full response. However, as a number of committee members have observed, it is even more important for those of us in public life—both in the Congress and the executive branch—to understand the question raised by this unhappy sagas.

As I think both chairman were just trying to do and doing. While there are doubtless many more, I just wanted to suggest a few that I think are of special importance.

How should the administration and the Congress formulate policy with respect to military assistance for those combating hostile forces in our hemisphere?

Once that policy has been formulated, what limitations should Congress impose on the administration's implementation of that policy?

What is the level of government funds to be committed to the policy? Is it wise to rely in part on funds from other sources in furtherance of the policy?

Finally, how can Congress best exercise its oversight role? When there are covert operations involved in the policy, how can the administration report effectively to the Congress consistent with the need for secrecy?

During the period that I have been Assistant Secretary of State for Inter-American Affairs, there has always been in existence a policy of support for the Contras.

However, the commitment of U.S. Government funds to that policy has been extremely limited. Indeed, the policy contemplated three separate sources of funds.

First, the Congress voted $27 million in humanitarian assistance.

Second, as the floor debate in Congress in the summer of 1985 made clear, it was recognized that private individuals and groups—the identity of which remained mysterious—were contributing either money to the Contras for the purchase of weapons or weapons themselves—and that this resupply activity was ongoing during the period that U.S. Government funds could not be used for weapons.

Third, in December 1985, Congress specifically authorized the Department of State to solicit humanitarian contributions to the Contras from foreign governments.

I tried to say here today, and I will say again that I think each element of this policy was flawed.

While the $27 million in humanitarian aid was sorely needed, we found ourselves in the position of line drawing over and over again to make certain that the funds were not spent improperly.

The question of whether watches or radios were facilitators of humanitarian deliveries or a means of furthering military operations became an issue.

While I am proud of the job that Ambassador Duemling and his colleagues at NHAO did, it is clear to one and all that the line between feeding and clothing a resistance force and helping it to fight is a difficult one to administer.

The problems inherent in leaving resupply activities in private hands are now abundantly clear. It is very likely that these private efforts kept the Contras alive.

I spoke out many times to applaud those who were willing to support this effort. But it was a dangerous policy—more dangerous than most of us, I certainly, recognized at the time—to encourage private initiatives and yet be forced to keep our distance from those aiding the Contra cause to avoid charges of Boland amendment violations.

We found ourselves in the worst of both worlds—inadequate supervision on the one hand and risk of violating the congressional mandate on the other.

I can only describe the solicitation of foreign governments for financial contributions as I have today as tin cup diplomacy.

We were asking other sovereigns to do what the United States was not prepared to do. While such solicitations were unquestionably lawful and sanctioned by Congress, they are an expedient rather than a desirable long-term policy.

It is now very evident that the policy was by its nature subject to abuse. In the case of the private resupply network, knowledge and contacts by U.S. Government officials were apparently converted into assumption of responsibility over the operations.

Private individuals were reporting over clandestine communications facilities to U.S. Government officials. Some U.S. officials apparently disobeyed their own orders and reported in other than the regular chain of command.

In the case of solicitations of foreign governments, the largest solicitations—and this means sensitive diplomatic contacts with foreign officials—were conducted without the knowledge or participation of the Department of State.

I think I have learned some lessons from all of this.

First, when the conduct of foreign policy requires a congressional mandate—and military assistance is certainly such a case—Congress should provide a clear mandate rather than ambiguous or conflicting signals so that the administration can implement the policy effectively and coherently.

Second, those of us in the administration must play by the rules at all times. Reliance on nongovernmental assistance to assist a governmental undertaking will always be playing with fire, for private individuals may not have—and may not feel—the legal and political limits placed on government officials.

Finally, those of us in the executive branch should be reporting regularly and comprehensively to the Congress because a policy such as assistance to the Contras must, by nature, be a partnership between the two branches.

These reports should be in open hearings when possible.

When classified or other highly sensitive matters make it necessary to limit reports to closed sessions, regular reporting to the Intelligence Committees will enable those designated by the respective Houses of Congress to share in policy implementation.

It is no secret to anyone that I have very strong views as to what that policy should be.

About 10 days ago, I and I suspect most of you, attended Memorial Day parades. I took my family, and it was a great experience for the kids.

The fire engines and police cars, and the bands, but when the ceremonies began, my wife and I were reminded that this holiday is, in fact, a commemoration of Americans who died so that we may remain free.

During President Reagan's 6 years in office, few American servicemen have died in Latin America: four Marines murdered by Communist guerrillas in El Salvador, another killed on the university campus there by the Communists, and recently another killed in a Communist guerrilla attack on a Salvadoran military outpost where he was serving as an adviser.

While we grieve for these men and our hearts go out to their families, we do thank God it is so few. It is the purpose of our policy in Central America to protect our liberty and security, and expand democracy, without American military involvement.

The challenges we face grow each day. Congress has at times limited, or ended, or permitted U.S. aid to the Nicaraguan Democratic Resistance. These committees are performing the function of examining how U.S. policy was implemented and how those limitations were respected—wisely or unwisely, properly or improperly, and indeed whether they were respected at all.

But whatever we have done, the Soviet Union has never limited or ended its aid to the Communist regime in Nicaragua. There, repression and aggression have grown each year—with $600 million in military aid from the Soviet Union last year alone. Our restraint has not restrained them; our limits have never limited them.

Our policy has been and remains to do all we can within the law to help the Nicaragua Democratic Resistance forces to achieve peace and democracy in Nicaragua.

The challenge we face is grave—a Soviet effort to achieve domination of the region between the Panama Canal and Mexico, which would constitute a change in the fundamental security situation our country has enjoyed since 1789. Not only would human rights and the democratic gains of the 1980s be lost at unspeakable human costs, but our ability to defend our own neighborhood, and to project power in the world, would be irrevocably compromised.

I do not think we will ever accept this. My fear is not that we will permit it. Rather, my fear is that we will act to prevent it, but too late.

Not now, when all we are called upon to do is to aid the Nicaraguan Freedom Fighters who each day risk their lives, but a few years from now when our only option is a direct use of force.

That tragedy may be but a few years away when Americans may lose their lives in Central America, when we are forced to act directly there.

That is why I feel so strongly about the national security issues which underlie our discussions today. That is why I have fought so hard for President Reagan's policy in Central America—because I think we can keep our security and our commitments if we stay the course now. If we do not, I believe the day will come when we will bitterly regret it.

I pray we will be able to put aside our differences and our institutional biases, and act as a great nation to help our friends, and challenge our enemies, and protect our freedom and our security.

Now, before the cost is so high that it is measured, not in dollars, but in blood and in tears.

Thank you very much, Mr. Chairman.

[The prepared statement of Elliott Abrams appears in appendix C.]

Chairman **INOUYE**. Thank you very much, Mr. Secretary.

Before dismissing you, sir, I wish to advise you that your subpoena will remain operative. We may feel it necessary at some later date to call upon you again for testimony.

I would like the record to show that the attorney accompanying the Secretary is Mr. W. DeVier Pierson.

The panel will stand in recess until 2:30 this afternoon at which time we will hear from Mr. Albert Hakim.

[Whereupon, at 1:20 p.m., the Select Committees recessed, to reconvene at 2:30 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 2:44 p.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman **INOUYE**. The hearings will please come to order.

Our next witness is Mr. Albert Hakim.

Mr. Hakim, will you please rise.

Raise your right hand.

Do you, Albert Hakim, solemnly swear that the testimony you are about to give will be the truth, the whole truth, and nothing but the truth?

Mr. **HAKIM**. Yes, I do.

[Witness sworn.]

TESTIMONY OF ALBERT HAKIM

Chairman **INOUYE**. Please be seated.

Mr. Hakim, you are accompanied by your counsel.

For the record, will you introduce them?

Mr. **HAKIM**. Mr. Richard Janis, and Mr. Larry Wechsler.

Chairman **INOUYE**. Mr. Hakim, at an early phase of our investigation after it appeared you would assert your constitutional privilege against self-incrimination, the Senate and the House Select Committees obtained orders of the U.S. District Court.

The orders provided in substance that you may not refuse to testify on the basis of your privilege against self-incrimination.

The immunity orders have been communicated to you previously, and you have already given testimony to the committee pursuant to them.

Your testimony today will also be under those continuing grants of immunity.

The previously communicated immunity orders are available at the witness table and copies will be placed in the record of these hearings.

Without objection, so ordered.

[The documents appear in appendix B.]

Chairman INOUYE. The Chair recognizes John Nields.

Mr. NIELDS. Mr. Chairman, I have been informed that the witness has a brief opening statement that he wishes to make.

Chairman INOUYE. Mr. Hakim, please proceed, sir.

Mr. HAKIM. Thank you, Mr. Chairman.

I am pleased to be able to appear before you today to discuss my role in the matters under investigation. Like you, I am anxious that the full story of this affair can be disclosed to the Congress and to the American people so that everyone can judge for himself what has taken place and can consider the important issues raised by these hearings.

I am also hopeful that the committee's questions will lead to a full revelation of my own involvement in this affair.

Over the last 6 months my family and I have had to withstand public attention and accusations, difficult for anyone to bear. I have been variously described as everything from a "mastermind" to a "shadowy figure." My reputation has been assaulted, and I have even been referred to in thinly veiled ethnic slurs.

As will become clear during my testimony, my participation in this matter was a result of a variety of motives. Not only was I presented with an opportunity to help my country, the United States, and my native land, Iran, but at the same time I had the opportunity to profit financially as a businessman. I never pretended to undertake the tasks I was asked to perform for philanthropic purposes, and I made that clear to all of those with whom I was involved—including General Secord, Lt. Col. Oliver North, the CIA, and the Iranians.

At the same time, I never would have gotten involved in these efforts if I had thought them illegal or contrary to the policies of the U.S. Government.

When I first was asked by General Secord to assist with the Contra effort, I understood that he had obtained legal advice from a prestigious Washington law firm confirming the legality of our activities. I was also aware that General Secord himself had substantial experience in the U.S. Government, including experience dealing with the laws regarding the sale of weapons. Since I trusted—and still trust—General Secord implicitly, I was confident when he gave me his own assurance regarding the legality of our activities.

Finally, I was told that our Contra activities were being undertaken not only with approval by, but at the request of, the President of the United States. We were dealing directly with the White

House Staff. Consequently, it never occurred to me, as a private citizen, independently to investigate the legality of the President's policy.

With respect to the Iran initiative, the same basic facts are also true. I intended to profit from my activities and I never made any pretense about that fact. Moreover, I had the same assurances regarding the legality of our efforts, and I was told that the President of the United States had personally signed an order authorizing our activities.

During the course of our efforts, I had frequent dealings with government officials in the CIA, the DEA and the President's National Security Council. I received substantial official support for my activities, and I attended numerous meetings with these officials, including a number of meetings at the White House. Under those circumstances, I had no reason to believe that my activities could have been in any way improper or contrary to U.S. policy.

The Iran initiative also afforded me a unique opportunity to combine financial self-interest with the pursuit of personal and political interests of great importance to me. I was born, raised and formerly operated substantial businesses in Iran. I am attached to that land and its people. I hoped and understood that one of the purposes of our efforts was to establish relationships that ultimately could lead to an end to the terrible toll in human bloodshed being suffered by the people of Iran and Iraq.

I also hoped and understood that our efforts would assist the U.S. Government to obtain the release of American hostages and, more important in the long term, to enable the United States to reestablish normal relations with a country whose geopolitical importance is undisputable.

As a private businessman and as a naturalized American citizen devoted to this country, I considered it an honor to be called upon by the Office of the President of the United States to render meaningful assistance to my country. I am now prepared to answer your questions and assure you that I will do my best to answer them candidly. There may be times when you will have to be patient with me, however, for although I believe that I speak English well, it is not my native language. As I believe your staff came to understand during 5 long days of deposition, this can occasionally result in miscommunications or misunderstandings, but such miscommunications and misunderstandings, once identified, will be clarified.

Thank you.

[The prepared statement of Albert Hakim appears in appendix C.]

Chairman **Inouye**. Thank you very much, Mr. Hakim.

Mr. Nields?

Mr. **Nields**. Thank you very much, Mr. Chairman.

Mr. Hakim, I take it you are an Iranian-born businessman?

Mr. **Hakim**. That is correct, Mr. Nields.

Mr. **Nields**. And you are just over 50 years old?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And I take it that you lived in Tehran and were raised there until you were approximately 20 years old?

Mr. **Hakim**. That is also correct.

Mr. NIELDS. And at that time, you came to this country for education and spent 1 year at high school in San Luis Obispo?

Mr. HAKIM. That is correct.

Mr. NIELDS. And then you spent 3 years at California State Polytechnic College?

Mr. HAKIM. Approximately.

Mr. NIELDS. As it was then called.

Mr. HAKIM. That is correct.

Mr. NIELDS. And for financial reasons, you were then forced to return to Iran?

Mr. HAKIM. Yes, that was during Dr. Amani's work, yes.

Mr. NIELDS. I think it would be a good idea if you moved the microphone about 6 inches further towards you.

Mr. HAKIM. Is this better now?

Mr. NIELDS. That is much better. Thank you, Mr. Hakim.

That was in approximately 1959?

Mr. HAKIM. That is correct.

Mr. NIELDS. And soon thereafter, you went into business in Iran?

Mr. HAKIM. That is also correct.

Mr. NIELDS. And you were associated with a company called Multicorp?

Mr. HAKIM. That is correct.

Mr. NIELDS. I should have mentioned first a company called Telecom.

Mr. HAKIM. For the first 9 years, that is right.

Mr. NIELDS. That was Telecom?

Mr. HAKIM. Telecom, Limited, yes.

Mr. NIELDS. And Telecom is in the business of marketing the products of U.S. manufacturers of electronic equipment to the government of Iran?

Mr. HAKIM. That is correct, that is what they did then.

Mr. NIELDS. And then you started your own company called Multicorp?

Mr. HAKIM. That is right.

Mr. NIELDS. And that was in approximately 1972?

Mr. HAKIM. That is also correct.

Mr. NIELDS. And Multicorp was in roughly the same business as Telecom?

Mr. HAKIM. Roughly.

Mr. NIELDS. And I take it Multicorp was quite successful and grew to have approximately 150 employees?

Mr. HAKIM. At one point, we had 150 employees, that is correct.

Mr. NIELDS. Sometime in the mid-1970s, you acquired a second residence in France, just outside of Geneva, Switzerland?

Mr. HAKIM. That is also correct.

Mr. NIELDS. And you started businesses in your second home?

Mr. HAKIM. Or expanded basically the same business that I had in Multicorp out of there, you are correct.

Mr. NIELDS. You started a company called Stanford Technology, S.A.

Mr. HAKIM. That was one of the companies I established there in Geneva.

Mr. NIELDS. And it had a subsidiary, Stanford Technology USA in California?

Mr. **Hakim**. That is also correct.

Mr. **Nields**. And the California company was engaged in the business of selling communications systems equipment to the government of Iran?

Mr. **Hakim**. And also manufacturing.

Mr. **Nields**. I take it there came a time in approximately 1978 when, for personal reasons, you moved your principal residence to California?

Mr. **Hakim**. Yes, I moved from Europe to California.

Mr. **Nields**. And your father and sisters already lived there, and I take it it was for personal reasons that you moved?

Mr. **Hakim**. That is correct, Mr. Nields.

Mr. **Nields**. And shortly thereafter, the revolution occurred in Iran?

Mr. **Hakim**. That is also right.

Mr. **Nields**. And essentially terminated much of your business activities, including all of your business activities in Iran?

Mr. **Hakim**. That is also correct.

Mr. **Nields**. However, I take it as of that time, you had acquired substantial personal assets as a result of the earnings of Multicorp and your other businesses?

Mr. **Hakim**. You are right.

Mr. **Nields**. And during the next 5 years or so, you also received some benefit from the sale of a subsidiary of Stanford Technology USA?

Mr. **Hakim**. That is correct.

Mr. **Nields**. But other than that, I take it, after the revolution, your business activities, other than this one sale of this subsidiary, were losing propositions?

Mr. **Hakim**. You are very correct.

Mr. **Nields**. I take it that you continue to live in California today?

Mr. **Hakim**. You are right.

Mr. **Nields**. You know, I take it, a man named General Secord?

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. And you met him first in Iran in the 1970s?

Mr. **Hakim**. That is correct, sir.

Mr. **Nields**. And I take it from what you have told us in deposition testimony prior to today that Mr.—General Secord was instrumental in your losing a very lucrative contract with the Iranian Air Force?

Mr. **Hakim**. That is also correct.

Mr. **Nields**. I take it you also had dealings with General Secord in connection with the hostages, U.S. Embassy hostages in Iran?

Mr. **Hakim**. Initially with him and later on with different segment of the U.S. Government.

Mr. **Nields**. Would you very briefly describe the events in connection with these hostages that caused you to come into contact with General Secord?

Mr. **Hakim**. This was prior to my becoming an American citizen. It was honored only in 1984 that I became an American citizen.

General Secord, knowing that I had substantial contacts in Iran, and to that date I still maintained Multicorp, he called me to meet with him in his office in the Pentagon and very openly asked me if

I was going to be ready to help out with the release of American hostages in Tehran, and I offered to help out. And from there on I believe it was the Air Force intelligence people who continued their contact with me.

Mr. NIELDS. I take it you kept in contact with General Secord from time to time throughout the early 1980s?

Mr. HAKIM. You are right, sir.

Mr. NIELDS. And that was during the period when General Secord was employed by the U.S. Government?

Mr. HAKIM. That is correct, sir.

Mr. NIELDS. And I take it that one of the reasons was that you knew that General Secord had good contacts inside Saudi Arabia, and you thought if he ever left the government you and he might be able to make some money together?

Mr. HAKIM. That is right, and General Secord enjoys a lot of respect in Saudi Arabia, and among other Arab countries.

Mr. NIELDS. And when you found out some time in 1983 that General Secord had left the U.S. Government, I take it you approached him and asked him to become your business partner?

Mr. HAKIM. Effectively, yes, you are right.

Mr. NIELDS. And you set up a company called Stanford Technology Trading Group International, which we will call STTGI, in which you and General Secord each had a 50-percent share?

Mr. HAKIM. The company was already established a month or so earlier and it was not active, but your conclusion is correct, Mr. Nields, we became 50/50 partners.

Mr. NIELDS. And it thereafter maintained offices in Vienna, Virginia, near where General Secord lives?

Mr. HAKIM. That is correct.

Mr. NIELDS. And I take it that the business of STTGI was and was intended to be the marketing of products of U.S. manufacturing companies overseas and principally to foreign governments?

Mr. HAKIM. That was the focus.

Mr. NIELDS. I take it you know a man named Willard Zucker?

Mr. HAKIM. Yes, I do.

Mr. NIELDS. He lives in Geneva, Switzerland?

Mr. HAKIM. Yes, he does.

Mr. NIELDS. And he owns a company, or as far as you are aware, he owns a company known as CSF?

Mr. HAKIM. That is correct.

Mr. NIELDS. And that is a Swiss fiduciary company?

Mr. HAKIM. That is also correct.

Mr. NIELDS. I take it a Swiss fiduciary company is a company which provides a number of services which would include opening bank accounts in Switzerland for its clients?

Mr. HAKIM. That is one of the functions they perform.

Mr. NIELDS. Set up corporations?

Mr. HAKIM. If so required by the clients, yes.

Mr. NIELDS. Particularly offshore corporations?

Mr. HAKIM. Not limited to that.

Mr. NIELDS. And they manage money for their clients?

Mr. HAKIM. That is the basic activity of theirs.

Mr. NIELDS. Take money of clients and invest it and make decisions about how the money should be invested?

Mr. HAKIM. You are correct.

Mr. NIELDS. They also provide accounting, tax and legal services?

Mr. HAKIM. Only to their own clients.

Mr. NIELDS. I take it that you, in fact, were a client of CSF in the 1970's when you maintained a residence and conducted business in the Geneva area?

Mr. HAKIM. You are correct, sir.

Mr. NIELDS. But I take it you were by no means CSF's only client?

Mr. HAKIM. Definitely not.

Mr. NIELDS. I think you have already testified that based on published material that you have seen about CSF, at least at certain periods of time, they have managed as much as 60 to 70 million dollars in assets of their various clients?

Mr. HAKIM. Equivalent of that amount in various currencies, yes.

Mr. NIELDS. I take it that you remained a client of CSF, but it would be fair to say that as of the period 1983 or so, you no longer kept more than a token amount of money in any Swiss bank accounts?

Mr. HAKIM. You are correct, sir.

Mr. NIELDS. Did there come a time after you and Mr. Secord went into business together, and I am directing your attention now to late 1984 or early 1985, when he told you that he had been asked to help the Freedom Fighters in Nicaragua?

Mr. HAKIM. Yes, sir.

Mr. NIELDS. And who did he say had asked him to do that?

Mr. HAKIM. Effectively, the President of the United States.

Mr. NIELDS. If you can tell us a little more specifically what he said.

Mr. HAKIM. He mentioned that the White House had approached him to see if he would be willing to assist with the Nicaraguan initiative and since he had already an obligation to me as a partner, he did not want to give an answer without rectifying his relationship with me and at the same time he invited me to join him.

Mr. NIELDS. What did he say he was asked to do precisely?

Mr. HAKIM. He was not very specific at the beginning. I believe he himself did not know quite what was the extent of the mission.

Mr. NIELDS. Did he shortly thereafter tell you that he was asked to procure arms for the Contras?

Mr. HAKIM. Yes. There was a time that he told me that he was asked to procure non-American weapons.

Mr. NIELDS. And did you inquire as to whether there was some profit in this?

Mr. HAKIM. Yes, I did.

Mr. NIELDS. And what did he tell you?

Mr. HAKIM. The answer was yes; definitely yes.

Mr. NIELDS. Was that profit to take the form of commissions or markup?

Mr. HAKIM. In the form of commission and he made it very clear to me that it will not be the normal markup and commission that in this type of business is used. We have to operate with a much lower percentage.

Mr. NIELDS. Did he mention a percentage or an approximate percentage of profit that you would make on these arms?

Mr. **Hakim**. We didn't get into that type of discussion. He said that he had to see how much he could purchase the material for, what the budget was, and if the customer could afford it. He basically asked me to leave it up to him to decide what to do, which I did.

Mr. **Nields**. You agreed to go into this business venture with him?

Mr. **Hakim**. Yes.

Mr. **Nields**. And I take it you and he thereafter acquired weapons and provided them to the Contras and made a profit?

Mr. **Hakim**. That is correct, sir.

Mr. **Nields**. Approximately what was the profit?

Mr. **Hakim**. Are you speaking about the percentage——

Mr. **Nields**. Percentage, not absolute number.

Mr. **Hakim**. The percentage from what General Secord told me, because I really didn't know what the costs were, he was handling that, he led me to believe that it would average out to something between 20 to 30 percent, depending on how you would look at it, whether you include the transportation or not include the transportation. But that was the approximate figure that he gave me.

Mr. **Nields**. And initially were the arms acquired through a Canadian arms dealer?

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. Did the Canadian arms dealer share in a percentage of the commission?

Mr. **Hakim**. The majority of it.

Mr. **Nields**. Did you and Mr. Secord split the remainder 50/50?

Mr. **Hakim**. That is correct.

Mr. **Nields**. Did there come a time when you ceased doing business through this Canadian dealer?

Mr. **Hakim**. That is correct.

Mr. **Nields**. Did you begin doing business with Tom Clines?

Mr. **Hakim**. We effectively employed Tom Clines to replace the Canadian arms dealer.

Mr. **Nields**. Did Mr. Clines share in the commissions?

Mr. **Hakim**. Yes.

Mr. **Nields**. Did he get a smaller percentage than the Canadian arms dealer had gotten?

Mr. **Hakim**. Definitely.

Mr. **Nields**. Did you and General Secord continue to share the remainder of the commissions?

Mr. **Hakim**. That is correct.

Mr. **Nields**. I take it you, in fact, acquired arms and provided them to the Contras taking this commission from approximately January 1985, until approximately August 1986?

Mr. **Hakim**. That is correct.

Mr. **Nields**. Had you ever previously been involved in the purchase and sale of arms?

Mr. **Hakim**. Effectively, the answer is no, Mr. Nields. My concentration has always been in high-technology electronics.

There have been—there was a case which had to do with Winchester Olin, which I was asked to handle the account for a different person related to the officials of the government then, so outside of that, which I consider it was not my own activity, I never dealt with weapons and arms before.

Mr. NIELDS. Did there come a time in the fall of 1985 when General Secord told you that he had been asked to do an additional kind of activity for the Contras?

Mr. HAKIM. Yes, he did.

Mr. NIELDS. And did that involve what has been referred to in these hearings as the Contra resupply operation?

Mr. HAKIM. That is correct, sir.

Mr. NIELDS. That is actually flying arms into Nicaragua and dropping them to the Contras?

Mr. HAKIM. That is correct.

Mr. NIELDS. And I take it in furtherance of that activity airplanes were purchased, an airstrip was purchased, and arms were continued to be purchased and transported to Nicaragua?

Mr. HAKIM. You are correct, sir.

Mr. NIELDS. And I take it that this part of the business therefore acquired certain assets?

Mr. HAKIM. You are right.

Mr. NIELDS. Was it your understanding that there would be any profit on the Contra resupply operation?

Mr. HAKIM. Not beyond the purchase of the material.

Mr. NIELDS. By material, you mean arms?

Mr. HAKIM. Arms, yes.

Mr. NIELDS. Did you understand that you had any personal financial interest in the assets of the resupply operation?

Mr. HAKIM. The attitude that we had that once the so-called assets were purchased they no longer belonged to us.

Mr. NIELDS. Now, I understand from what you have told us in deposition testimony, that you were aware of a discussion by others, including General Secord, some time in the fall or late summer of 1986, as to whether the assets of the resupply operation should be sold to the CIA or given to the CIA?

Mr. HAKIM. You are correct.

Mr. NIELDS. But would it also be correct to say that you did not concern yourself with that issue or involve yourself in the discussion of it?

Mr. HAKIM. It did not fall within the territory of my activity.

Mr. NIELDS. Did there come a time, Mr. Hakim, when Mr. Secord told you he had been asked to become involved in the sale of arms to Iran?

Mr. HAKIM. Yes.

Mr. NIELDS. And did he describe this as part of a broader initiative to normalize relations between the United States and Iran?

Mr. HAKIM. Yes, sir.

Mr. NIELDS. And did it also involve an effort to release the hostages held in Lebanon?

Mr. HAKIM. That is also correct.

Mr. NIELDS. Again, who did he say asked him to become involved in this Iranian initiative?

Mr. HAKIM. This time it was very specific, that was on behest of the President.

Mr. NIELDS. And you agreed, I take it?

Mr. HAKIM. Definitely.

Mr. Nields. And you and General Secord did become involved in the transportation and sale of U.S. military equipment to Iran during the year 1986?

Mr. Hakim. That is correct.

Mr. Nields. Did you come to learn who General Secord was reporting to in the U.S. Government in connection with the Iranian initiative?

Mr. Hakim. Most of it, not all of it. I could see that he was, if you like to refer to it as reporting—he was basically coordinating with Lt. Col. North, but there were times that I learned that he had meetings with the late Director Casey and Admiral Poindexter. These are the people that I learned that he had contact with. If he had any other person that he reported to, I am not aware of it.

Mr. Nields. And in connection with the Contra activity, did you come to learn who he was principally reporting to or coordinating with in the government there?

Mr. Hakim. Lt. Col. North.

Mr. Nields. When did you first meet Mr. North?

Mr. Hakim. It was in connection with the Iranian initiative in February of 1986, in Frankfurt.

Mr. Nields. And did you thereafter come to know Lt. Col. North?

Mr. Hakim. I had learned quite a bit about Colonel North through General Secord prior to meeting him, and I was very anxious to meet him, and I continued to learn more about him as we worked together.

Mr. Nields. And did you work together with him and meet with him on several occasions after February of 1986?

Mr. Hakim. Generally speaking, it is correct, but it was much later after January 1986.

Mr. Nields. Mr. Hakim, I want to ask you some questions about the profits or surplus generated from the sale of arms to Iran. There has already been evidence at these hearings that in February and May of 1986, U.S. TOW missiles and Hawk spare parts were sold to Iran for a price of $25 million.

Mr. Hakim. Yes, sir.

Mr. Nields. And it has also been testified to that the transaction was structured in such a way that of that $25 million, $8 million went to the CIA account in Switzerland and $17 million went to the accounts under your and General Secord's control in Switzerland.

Mr. Hakim. That is correct, sir.

Mr. Nields. And it has been testified to that there were some expenses that needed to be paid out of the $17 million, but General Secord testified that approximately $14 million remained.

My question to you is this: What were you told that $14 million more or less was to be used for?

Mr. Hakim. My understanding was that the income from these transactions were to be used to primarily assist the Contras and also try to make the so-called enterprise that we had created self sustaining and to create a financial backbone for it. And this covered the expenses and other financial requirements attached to any business activity.

Mr. Nields. So you were told that the surplus was to be used for the Contras?

Mr. **Hakim**. As well, yes.

Mr. **Nields**. To pay expenses in connection with the Iranian initiative?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And to generate capital for the continuing Iranian initiative?

Mr. **Hakim**. You are correct, sir.

Mr. **Nields**. And were you ever told anything about any other purposes for this money?

Mr. **Hakim**. Not in the form that we had a meeting, sitting down and saying that this is the allocation. The impression that I got was from the remarks that General Secord made to me that basically came from such remarks as "We don't know what Ollie will need next, so we have to have money available."

Mr. **Nields**. I take it from time to time you learned that Ollie—that is Oliver North, I take it?

Mr. **Hakim**. That is correct.

Mr. **Nields**. That he did have need for the money for other purposes?

Mr. **Hakim**. That is correct. There were several occasions.

Mr. **Nields**. I take it one of them involved Motorola radios for a Caribbean country?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And another involved a ship for a special operation in the Mediterranean?

Mr. **Hakim**. You are correct.

Mr. **Nields**. Another example would be cash that was required for DEA agents in connection with an effort to release the hostages?

Mr. **Hakim**. You are correct on that, too.

Mr. **Nields**. Now, we are going to get later on in your testimony to what has been referred to as the second channel. Excluding conversations relating to the second channel, were you ever told that any part of the profit or surplus from these first two sales in February and May to the government of Iran was to be for your personal benefit?

Mr. **Hakim**. No, sir.

Mr. **Nields**. I take it that sometime in the summer of 1986, early summer, you did begin efforts to open up a second channel?

Mr. **Hakim**. That is correct, sir.

Mr. **Nields**. And at that time, I take it there was some discussion of personal financial benefit to you?

Mr. **Hakim**. That is right.

Mr. **Nields**. We will get to that later in your testimony.

Would it be fair to say that you regarded yourself as being in some kind of an operation in which you, General Secord, and Oliver North each had different spheres of operation?

Mr. **Hakim**. That was my understanding.

Mr. **Nields**. And North's was the political sphere?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And Secord's operational?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And yours financial?

Mr. **Hakim**. That is correct.

Mr. Nields. I take it in connection with both the Iranian and the Nicaraguan operation in furtherance of your performance of your financial function, you caused certain companies to be created?

Mr. Hakim. You are correct, sir.

Mr. Nields. And you also caused certain bank accounts to be set up in Switzerland?

Mr. Hakim. Affirmative.

Mr. Nields. And to do this, you used your contacts with Mr. Zucker and CSF?

Mr. Hakim. That is correct.

Mr. Nields. And you asked him to set up the companies and the bank accounts?

Mr. Hakim. That is correct.

Mr. Nields. And I take it these companies were what we refer to as offshore companies?

Mr. Hakim. As far as the United States is concerned, yes.

Mr. Nields. They were Panamanian companies?

Mr. Hakim. Among others, yes, mostly Panamanian.

Mr. Nields. African?

Mr. Hakim. No.

Mr. Nields. Liberian?

Mr. Hakim. Liberian, yes.

Mr. Nields. I take it these accounts were used to receive contributions that were being made by private parties and third countries for the benefit of the Contras?

Mr. Hakim. As in the case of Iranian initiative, the income from the sales of weapons, yes.

Mr. Nields. So the bank accounts were used to receive contributions for the Contras and the price received for the sale of arms to Iran?

Mr. Hakim. You are correct, sir.

Mr. Nields. And then I take it, out of these accounts were paid expenses of the Iranian operation?

Mr. Hakim. That is right.

Mr. Nields. Expenses for the benefit of the Contras?

Mr. Hakim. Correct.

Mr. Nields. And various other kinds of expenses?

Mr. Hakim. And procurements of arms for the Contras, yes.

Mr. Nields. I take it you set up a number of accounts?

Mr. Hakim. You are correct, sir.

Mr. Nields. And you caused money to be moved from one account to the other.

Mr. Hakim. Well, I instructed CSF to do that.

Mr. Nields. And they followed your instructions?

Mr. Hakim. They followed my instructions, yes.

Mr. Nields. I take it that one of your purposes in doing this was to create what you referred to as confusion?

Mr. Hakim. Correct, to lose the track of the movement of money.

Mr. Nields. Make it difficult for anyone else to find out how the money was moving?

Mr. Hakim. Exactly.

Mr. Nields. And I take it one of the reasons that you set up bank accounts in Switzerland was to take advantage of the Swiss bank secrecy laws?

Mr. Hakim. Definitely.

Mr. Nields. Now, was Oliver North's name on any of these accounts?

Mr. Hakim. No, sir.

Mr. Nields. Was it on any of the companies?

Mr. Hakim. No, sir.

Mr. Nields. Was Secord an authorized signatory on any of the accounts?

Mr. Hakim. He definitely was not.

Mr. Nields. Was his name, to your knowledge and recollection, connected with any of the companies?

Mr. Hakim. Not that I know of.

Mr. Nields. At the outset, were you authorized signatory of the accounts?

Mr. Hakim. At one point, yes.

Mr. Nields. But at the outset were you?

Mr. Hakim. Yes. At the beginning of the operation?

Mr. Nields. Yes.

Mr. Hakim. No, I was not.

Mr. Nields. But there came a time when you became an authorized signatory on some of the accounts; is that correct?

Mr. Hakim. That is correct.

Mr. Nields. What was the reason that you became an authorized signatory?

Mr. Hakim. With all due respect to a certain gentleman in CSF's organization, and I am extremely thankful for CSF and Mr. Zucker for the help they gave us, but there was a gentleman—there that I cannot blame him, a covert activity, I could not explain to him everything, and—he did not perform to my expectation and like my style. I accepted to leave my signature on so I can turn the operation around and make it more efficient.

Mr. Nields. I take it the reason that neither Mr. North nor Mr. Secord were authorized signatories on the account was that you wanted to make it as difficult as possible for anyone to connect either of them with the financial operations of the account?

Mr. Hakim. That was one of the objectives and the other objective was it was not a function as it was agreed and besides they did not have any track record in Switzerland to be able to operate such a financial network.

You have to be known to the people. You have to be trusted.

Mr. Nields. I take it all other things being equal, you would have preferred to have left your own name off those accounts?

Mr. Hakim. Without any doubt.

Mr. Nields. And you only even associated your own name with them because of this problem you had with someone at CSF?

Mr. Hakim. That is correct.

Mr. Nields. I take it when Mr. Secord wanted money to be moved out of one of these accounts, he then had to ask you to get it done for him?

Mr. Hakim. You are correct, sir.

Mr. Nields. And you would then direct CSF to move the money?

Mr. Hakim. Also that is correct.

Mr. Nields. And if Mr. North wanted money moved from out of one of those accounts, he would have to tell Mr. Secord and Mr. Secord would have to tell you?

Mr. Hakim. That is correct.

Mr. Nields. I take it there was never an occasion on which you declined to follow one of General Secord's requests?

Mr. Hakim. You are correct.

Mr. Nields. And to your knowledge, General Secord followed Colonel North's requests?

Mr. Hakim. As far as I know, yes.

Mr. Nields. Mr. Hakim, you have made available to the committees certain records under immunity from the various bank accounts that you caused CSF to set up to manage and handle the money from the Iranian and Nicaraguan initiatives.

Mr. Hakim. That is correct, sir.

Mr. Nields. And in addition to these bank records which account for all the money in the accounts and all the money going out of these accounts, you also made available certain accounting records of CSF?

Mr. Hakim. That is correct.

Mr. Nields. And these are accounting records that are efforts to account for the movement of the money in these bank accounts you have been testifying about?

Mr. Hakim. That is correct, sir.

Mr. Nields. And you have also made certain other documents available to the committees relating to these accounts?

Mr. Hakim. You are correct, sir.

Mr. Nields. And indeed prior to providing them to the committees, you organized them in seven notebooks.

Mr. Hakim. Yes. I must say it was a very difficult task to achieve this because by design it was so structured that you could not collect information, and my attorneys, Mr. Janis and Mr. Wechsler, they went through a lot of hardship to put these things together with assistance of the accountants. It was a very difficult task to achieve.

Mr. Nields. Mr. Hakim, I am going to ask you to turn to exhibit 1 in the book of exhibits.

Do you have that in front of you?

Mr. Hakim. Yes, I do.

Mr. Nields. Is that a document which you provided recently to the committees?

Mr. Hakim. I provided the original copy, yes.

Mr. Nields. This original, I take it, was obtained from your home in California.

Mr. Hakim. That is correct.

Mr. Nields. And that was quite recently?

Mr. Hakim. That is also correct.

Mr. Nields. Now, I should state for the record that a copy of this document was found in Lt. Col. North's office and appears in the Tower Board Report.

Can you tell us what this document is?

Mr. Hakim. This document shows the business structure that I started to put together to increase the efficiency of our operation once I became aware that our activities were going to continue and

I structured it in such a way that there would be three collecting companies.

The reason I have here three collecting companies, the idea was after using collecting Company A, namely, Lake Resources, for a certain period of time, to abandon that company and that account and move on to the next one so you would lose trace and track of the activity and then further below, I created the operating companies so we would be able to do proper accounting and allocation and get organized, which we never managed to do.

Mr. **NIELDS**. I take it this chart then describes, at least in a very rough way, what you envisioned as being a structure for the various companies and bank accounts that you had created?

Mr. **HAKIM**. That is correct.

Mr. **NIELDS**. One of the reasons again that you had so many and that they performed different functions and one would replace the other was that you wanted to make it as difficult as possible for anyone to trace money going in and out of these accounts?

Mr. **HAKIM**. Not only the money, but also the operation.

Mr. **NIELDS**. Now, I take it you have provided us with records from all of the companies on this chart and some additional companies.

Mr. **HAKIM**. That is correct.

Mr. **NIELDS**. And that would include bank records?

Mr. **HAKIM**. That is also correct.

Mr. **NIELDS**. Our—when I say "our", I mean the committees, both committees—accountants for both committees have spent considerable time analyzing the records which you have made available to us, Mr. Hakim.

Mr. **HAKIM**. Yes, sir.

Mr. **NIELDS**. And they have prepared two charts. One of them is exhibit 2, and the other is exhibit 3, and the charts are also—have been blown up and are behind me in the hearing room.

Mr. **HAKIM**. I have them in front of me.

Mr. **NIELDS**. The accountants who have been doing this work—there have been a number of them—there are two in the hearing room today, Mr. Lou Zanardi, who is standing, and Mr. Ed Haller, who is now standing. They have divided the moneys flowing in and out of the accounts that you have made available to us into two charts, and they have done that based on Mr. Secord's testimony.

Mr. **HAKIM**. Yes, sir.

Mr. **NIELDS**. Mr. Secord testified at the beginning of the Nicaraguan operation contributions were being made to Mr. Calero's bank account in Florida and that Mr. Calero was then paying the purchase price for the arms into one of your bank accounts.

Mr. **HAKIM**. Yes, sir.

Mr. **NIELDS**. And you were then paying for those arms out of that bank account, and the difference was effectively your commission or your profit.

Mr. **HAKIM**. Yes, sir.

Mr. **NIELDS**. And during that phase when the contributions were going to Calero and Calero was therefore paying you, the accountants have put that phase of the transaction in the chart marked phase 1, which is exhibit 2 in your exhibit book.

Mr. **HAKIM**. Yes, sir.

Mr. NIELDS. If Mr. Zanardi would be willing to point, you will see that there were receipts from Calero's bank accounts of $11.4 million, and this would cover the period roughly December 1984, to July 1985. There were expenses either in the forms of the purchase price of arms or other related expenses of $8.6 million. There is an un—as yet unidentified transaction, which you and the committees are endeavoring to identify at this time and we are optimistic we will be able to, of $.6 million.

Mr. HAKIM. Yes, sir.

Mr. NIELDS. And there is a disbursement which I will get to later for the benefit of the partners of $.1 million.

Mr. HAKIM. Yes, sir.

Mr. NIELDS. That is a transfer to STTGI, which I take it was 50 percent owned by you and Mr. Secord?

Mr. HAKIM. Effectively, not STTGI, to General Secord and myself, but effectively if you like to refer to it as STTGI, fine, it didn't enter the books of STTGI.

Mr. NIELDS. That leaves remaining $2.1 million, $.7 million of which was remaining in your Swiss bank accounts as of July 1985, and $1.4 million of which are shown on your records as having left those banks and as having been recorded by your accountants as distributions to capital.

Mr. HAKIM. Yes, sir.

Mr. NIELDS. We will get to that later.

That covers the money going in and out of your Swiss bank accounts during phase 1.

Mr. HAKIM. Yes, sir.

Mr. NIELDS. Now, I would like you to turn to exhibit 3, which is also blown up on the wall behind me, and that is a chart showing the money moving in and out of your Swiss bank accounts during phase 2.

Mr. HAKIM. Yes, sir.

Mr. NIELDS. That covers, according to General Secord's testimony, a time when Oliver North had decided that the contributions should no longer be given to Calero but should be placed in your bank accounts.

Mr. HAKIM. Yes, sir.

Mr. NIELDS. Arms were continued to be purchased and supplied to the Contras, but instead of the purchase price coming from Calero, it was paid for out of contributions that were put directly into your bank accounts.

Mr. HAKIM. That is correct.

Mr. NIELDS. It also includes receipts from the sale of arms to Iran.

Mr. HAKIM. Yes, sir.

Mr. NIELDS. And I should say, for the record—well, let me stop and begin over.

You will see that the total receipts during phase 2 are $35.6 million.

Mr. HAKIM. Yes, sir.

Mr. NIELDS. That covers $.7 million which was left in the bank at the end of phase 1, $1.8 million received from private donors, $2 million received from third countries, and those private donors and third countries were contributions for the benefit of the Contras, and $31.1 million received for the sale of arms to Iran.

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. I should mention that that $31.1 million figure includes a $1 million deposit in November of 1985, which General Secord testified constituted an advance for transportation costs.

Mr. **Hakim**. This is the Israeli payment?

Mr. **Nields**. Yes.

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. Then, you will see there were disbursements directly out of the accounts in the amount of $26 million.

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. $7.9 million, you and the committee and General Secord have identified as disbursements for the benefit of the Contras. $14.4 million, you and General Secord and the committees have identified as disbursements in connection with the Iranian Arms Initiative, that includes both the purchase price of arms and the cost of transportation and other incidental expenses.

Nine hundred thousand dollars have been identified by you and General Secord and the committees as expenses for miscellaneous projects at the request of Lt. Col. North, and I think you have already testified about them here today.

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. $.6 million has been identified as disbursements for the benefit of the partners, and that would include money transferred to STTGI and money transferred to STC, which is Stanford Technology in California.

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. And I take it Stanford Technology in California is a corporation that you are the sole owner of?

Mr. **Hakim**. That is correct.

Mr. **Nields**. The total amount of money going to STTGI during phase one and phase two is just over $500,000, and since there has been testimony about this previously, I am going to ask you now, Mr. Hakim, were those loans to STTGI or infusions of capital into STTGI?

Mr. **Hakim**. It started out to be a loan, but for bookkeeping purposes, at this time I would categorize it as infusion of money into STTGI for the services rendered at a time to the enterprise, if you will, and its other activities and the reflection of the income to STTGI can be seen in our books in STTGI how it was disbursed and spent, but effectively for the purpose of these hearings, I do not refer to them as loans.

Mr. **Nields**. You do not refer to them as loans?

Mr. **Hakim**. No, sir.

Mr. **Nields**. I take it that there was a time when STTGI had a line of credit with CSF?

Mr. **Hakim**. That is correct.

Mr. **Nields**. But I take it that the loans made by CSF to STTGI were paid for out of these enterprise bank accounts?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And that is the reason you say that these are not loans, they are in effect transfers to STTGI?

Mr. **Hakim**. That is correct, sir.

Mr. **Nields**. And I take it STTGI, some of the assets or resources of STTGI were used in furtherance of the Iranian initiative and the Nicaraguan initiative?

Mr. **Hakim**. That is correct.

Mr. **Nields**. But you are not saying there was $500,000 of expenses out of STTGI that needed to be reimbursed?

Mr. **Hakim**. Logically no, but there came a time that we effectively lost some of our clients at STTGI and the only thing we were concentrating on was the U.S. Government projects.

Mr. **Nields**. So, instead of getting income from what would have been your other clients at STTGI, you took it out of the Iranian and Nicaraguan initiatives?

Mr. **Hakim**. Precisely correct.

Mr. **Nields**. Now, the next item is denoted CIA arms, and that is $.9 million, and I should state for the record that General Secord has identified disbursements of $2.1 million which he has told us, told the committees, told the accountants, related to what was originally supposed to be a purchase of arms for the benefit of the Contras, but which were instead eventually sold to the CIA for $1.2 million.

That means there was a loss on that transaction of $.9 million, and that is why it appears on this chart as an expense of $.9 million, and we have not allocated that to the Contras.

Mr. **Hakim**. I understand that.

Mr. **Nields**. There is a, as yet, unidentified transaction totaling $.6 million and there are general and administrative expenses. Some of these are payments to CSF, legal fees and other kinds of general expenses which we have identified, but they don't relate to any particular transaction, and they amount to $.7 million.

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. That leaves a difference between the amount into these accounts and the amount out for the expenses I have just identified of $11 million. $1.4 million remains; approximately $1.4 million remains to this day in the bank accounts whose records you have provided to us.

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. I take it those moneys are now frozen to your knowledge?

Mr. **Hakim**. To the best of my knowledge.

Mr. **Nields**. And that leaves a total of $9.6 million, which left these bank accounts and have been recorded on the accounting materials that you have made available to the committees, the CSF accounting materials, as distributions to the various capital accounts.

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. And what I would like to do now, Mr. Hakim, is to ask you about these capital accounts.

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. And the purpose of this exercise is to determine exactly what this $9.6 million represents.

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. Mr. Hakim, I guess I would first like you to turn to exhibit No. 4.

Mr. **Hakim**. Yes, sir.

Mr. NIELDS. These are accounting records compiled by CSF which you have made available to the committees, I take it that is correct?

Mr. HAKIM. That is correct, sir.

Mr. NIELDS. Now, Mr. Hakim, generally speaking a capital account would be an account that was set up for distribution of profits to participants in a business venture.

Mr. HAKIM. Generally speaking.

Mr. NIELDS. However, you have told us after reviewing these records that some of the moneys that the accountants allocated to the capital account were paid to third parties and constituted expenses of the enterprise.

Mr. HAKIM. That is correct, misallocation.

Mr. NIELDS. And I think I should say that the committees have verified that as to some of the amounts that were put in the capital account by your accountants that you are correct, they were paid to third parties and appear to have been expenses of the Iranian or the Nicaraguan operation.

Mr. HAKIM. Yes, sir.

Mr. NIELDS. And I take it that your conclusion there is that these were simply errors by the accountants?

Mr. HAKIM. Well——

Mr. NIELDS. Misallocations.

Mr. HAKIM. Misallocations because again it was covert activity. I could not explain everything to them. So I cannot really blame them.

Mr. NIELDS. And you have also told the committees that some of the moneys in these capital accounts were in fact simply moneys that were put in the custody of CSF for investment purposes, but which were essentially moneys set aside for the continuing operations of the Iranian initiative.

Mr. HAKIM. That is correct.

Mr. NIELDS. We will return to those in greater detail.

Mr. HAKIM. OK.

Mr. NIELDS. And you have told us that the remaining amounts that were allocated to these capital accounts were, in fact, distributions of profit to the various ventures in the enterprise?

Mr. HAKIM. That is also correct.

Mr. NIELDS. I will get into some more detail in a moment, but first I want to ask you some questions about where this money is right now?

I take it that some of the money in these capital accounts constitute investments which are being managed by CSF today?

Mr. HAKIM. That is correct.

Mr. NIELDS. And you made available some other records which show that the total amount currently being managed by CSF is $6.67 million?

Mr. HAKIM. That is correct. That excludes the $1.4 that you already talked about.

Mr. NIELDS. Some of the moneys you have already testified to were disbursed to third parties as expenses of the enterprise and they are gone?

Mr. HAKIM. Yes.

Mr. NIELDS. And some of the moneys were disbursed to personal bank accounts of the ventures, including yourself?

Mr. HAKIM. That is correct.

Mr. NIELDS. And those are also gone?

Mr. HAKIM. Yes, that is correct.

Mr. NIELDS. Where is the $6.67 million now?

Mr. HAKIM. The latest information that we have from CSF is this money is with Toronto Dominion Securities, London.

Mr. NIELDS. London?

Mr. HAKIM. Yes, sir.

Mr. NIELDS. And do you know where it has been between November of 1986 and today?

Mr. HAKIM. I have no idea, sir.

The records that you have should show that movement. I am sure it shows where they have been invested.

Mr. NIELDS. But you don't know?

Mr. HAKIM. No, I have no idea.

Mr. NIELDS. And I take it, did there come a time that you caused that money to be moved from this country to London or from Switzerland to London?

[Witness conferring with counsel.]

Mr. HAKIM. If you refer to the documents that I have provided you, you will see that these moneys were scattered all over the world in various investments and when the so-called Irangate revelation came about, my understanding is that CSF made an effort to remove the various investments from wherever they were and consolidate that and keep it under one umbrella.

Mr. NIELDS. OK, I would like to turn back now to exhibit No. 4.

Mr. HAKIM. Yes, sir.

Mr. NIELDS. There are five capital accounts listed in exhibit No. 4, the first one is titled Albert Hakim. I take it that is self explanatory and refers to you?

Mr. HAKIM. That is correct.

Mr. NIELDS. The number opposite your name is $6.8 million.

Mr. HAKIM. Correct.

Mr. NIELDS. I take it that according to the testimony you previously have given that that $6.8 million does not all represent distribution of profit to you?

Mr. HAKIM. That is correct.

Mr. NIELDS. We will get into more detail in at moment, but at least $4 million of that amount, according to your testimony reflects money set aside for the purposes of the enterprise?

Mr. HAKIM. That is correct.

Chairman INOUYE. Mr. Nields, may I interrupt?

The House of Representatives is now in progress with a vote and so House Members will absent themselves.

Please proceed.

Mr. NIELDS. The second capital account is titled Korel Assets?

Mr. HAKIM. Yes, sir.

Mr. NIELDS. What does that refer to?

Mr. HAKIM. Korel Assets is a company that was available at CSF for a different purpose that I used to accumulate the portion of the profits that were intended for General Secord. So this effectively reflects the portions of the commissions that were set aside for General Secord.

Mr. Nields. Mr. Hakim, did you continue to make deposits, so to speak, into the Korel Assets Capital account through August of 1986?

Mr. Hakim. That is correct.

Mr. Nields. Did there ever come a time when you stopped making deposits into that account?

Mr. Hakim. When we had no more income.

Mr. Nields. When you reviewed the records prior to your testimony, do you recall noticing that there were a number of occasions on which, on the same day, a certain amount of money allocated to these capital accounts was divided into four groups, and if you took the total amount as 100, 30 would go in one account, 30 in a second account, 30 in a third account, and 10 in a fourth account?

Mr. Hakim. That is correct.

Mr. Nields. And the 30s would go into Hakim, Korel, and C. TEA, and the 10 into SCITECH?

Mr. Hakim. That is correct.

Mr. Nields. And these amounts can be found, if one looks for them, in exhibit 5?

Mr. Hakim. Yes, sir.

Mr. Nields. I am not asking you to look for them now, but you recall that there was an amount of approximately $860,000 divided in this fashion in August of 1986?

Mr. Hakim. Yes, I do recall that.

Mr. Nields. And approximately $258,000 was put in the Korel account, $258,000 in the Hakim account, $258,000 in the C. TEA account, and about $86,000 in the SCITECH account?

Mr. Hakim. That is correct.

Mr. Nields. What do those splits, including that last one, represent?

Mr. Hakim. One-third was put into Albert Hakim's account for my benefit. The second one-third, Korel Assets for General Secord, and one-third to the C. TEA account that represents Tom Clines' account, and the 10 percent went to SCITECH, which, if you look at the complete name of SCITECH, it is SCITECH Trading Group, and if you separate SCI from TECH, you will notice that the abbreviation will form again STTGI, and this was chosen by design to reflect the offshore company of STTGI. That was my design and my idea.

Mr. Nields. Were these divisions of profits?

Mr. Hakim. Yes, sir.

Mr. Nields. Were they divisions of profits on the procurement of arms for the Contras?

Mr. Hakim. That is correct.

Mr. Nields. And I take it what you are saying is that 30 percent would go to Hakim's account, 30 percent to Korel Assets, which is Secord's account, 30 percent to C. TEA, which is Tom Clines' account, and 10 percent to SCITECH, which was, in effect, the mirror image of STTGI overseas?

Mr. Hakim. That is correct.

Mr. NIELDS. Referring your attention again to the split that was distributed to these accounts in August of 1986, what did that represent?

Mr. HAKIM. This is the income from the sale of weapons that we referred to as the stranded arms. This—I learned during the deposition that it was the merchandise that was finally sold to the CIA.

Mr. NIELDS. And this was merchandise originally purchased for the Contras?

Mr. HAKIM. To the best of my recollection, we had made a down payment to take advantage of delivery, and there came a time that we had to decide whether to forgo the down payment or procure that and it was intended for the Contras and we decided to purchase them.

Mr. NIELDS. Did you have a discussion with any of your partners about the size of the commission that you would pay yourselves in connection with this transaction?

Mr. HAKIM. I won't call it a discussion. I can say that I, together with Mr. Clines, thought that it would be more proper since this was taking a lot of our effort, it was the last transaction in connection with the Contras, to have a higher profit margin.

We mentioned that to General Secord. General Secord looked at us with his normal icy face, and he said that he will make a decision when he decides what he is going to do with it.

From there on, I really had no further information except that I knew General Secord was not agreeable to increasing the profit margin.

Mr. NIELDS. But I take it—did he make the decision about how much profit would be distributed on that transaction?

Mr. HAKIM. He always had that authority, yes.

Mr. NIELDS. So he was the one who made the decision to distribute an $861,000 profit on that transaction?

Mr. HAKIM. To the best of my knowledge, that is correct.

Mr. NIELDS. And that was distributed in August 1986, 30, 30, 30, 10 to the capital accounts that you have identified?

Mr. HAKIM. That is what the records show.

Mr. NIELDS. Your capital account is in your own name and General Secord's is in the name of Korel Assets. What was the reason for that?

Mr. HAKIM. Actually, two reasons. Once you have the money in a corporation, it is easier for a fiduciary company such as CSF to manage it.

They have—the directors of the companies are close to them and they can move the moneys for higher profits as the occasion arises.

And the second reason is to eliminate personal contact to those funds.

Mr. NIELDS. So that General Secord's name would not be connected with the money?

Mr. HAKIM. That was my recommendation and he accepted that.

Mr. NIELDS. Did there come a time when General Secord told you—did there come a time in some fashion or another that he renounced his interest in the profits from the Contra arms sales?

Mr. HAKIM. Yes, it did occur.

Mr. NIELDS. When was that?

Mr. HAKIM. To the best of my recollection it was during the first half of 1986, if I am not mistaken.

Mr. NIELDS. And what did he say?

Mr. HAKIM. I should explain—it occurred at a time that we were caught between both projects. That is why I think it was in early 1986, both the Nicaraguan and the Iranian projects were going through very tense moments, and General Secord was not happy with the efficiency of the support that he was getting from the government, and he had never, in my opinion, even through to this date, divorced himself from the government, and he said that he still got energy left and he should go back to the government and try to straighten things out.

Therefore he doesn't want to have any attachment to this money that may make it difficult for him to go back to the government.

Mr. NIELDS. But I take it you continued nonetheless to put the money in the Korel capital account for him?

Mr. HAKIM. I continued to do that basically with the rationale that I knew there was no offer to General Secord at least as much as I knew, to go back to the government, and I was not quite sure if that would occur or not, so I did not change my pattern. I continued as before.

Mr. NIELDS. I think the record should reflect that unlike some of these other accounts we have been able to determine no withdrawals from the Korel Assets account as of this date.

Mr. Hakim has supplied records showing the current balance in the Korel account.

Now, you have—going down to the next account, C TEA, I think you have indicated that that relates to Tom Clines?

Mr. HAKIM. That is correct.

Mr. NIELDS. And that is the account under which his share of the profits was put?

Mr. HAKIM. That is correct.

Mr. NIELDS. And what is the significance of the letters and words "C TEA"?

Mr. HAKIM. "C" stands for Clines, and then the "TEA", again another creation of mine for "T", Thomas.

Mr. NIELDS. So you reversed his initials?

Mr. HAKIM. That is correct.

Mr. NIELDS. And then you used a word, "tea" instead of the initial?

Mr. HAKIM. That is correct.

Mr. NIELDS. You have already testified that SciTech was in effect an off-shore version of STTGI. I take it that means that you regarded it as being beneficially owned equally by you and General Secord?

Mr. HAKIM. For the purpose of these hearings, that is correct.

Mr. NIELDS. Well, is it true?

Mr. HAKIM. It is true, yes.

Mr. NIELDS. I take it that some of the money put into the SciTech account was used to pay expenses of business ventures of STTGI which were unrelated to the Iranian or Nicaraguan initiatives?

Mr. HAKIM. That is correct.

Mr. **Nields**. And I take it some of the money put in the SciTech account was used to make investments for the joint benefit of you and General Secord?

Mr. **Hakim**. That is also correct.

Mr. **Nields**. And that includes, among others, $150,000 that went out of the SciTech account to Tri-American Arms?

Mr. **Hakim**. That is correct.

Mr. **Nields**. Now the last account is the Button account, it has $200,000 in it, and your records reflect that that amount was put into the Button account May 20, 1986. Is Button short for something?

Mr. **Hakim**. In this case, no. The name, Button, actually came as the result of a joke between Mr. Zucker and myself at a time that we were having a discussion. Actually, the complete name is Bellybutton, and this was a name that I decided to use at the time because we laughed about the joke, and I simply took the name and used it for this set-aside.

Mr. **Nields**. Does it refer to a person?

Mr. **Hakim**. Yes, it does.

Mr. **Nields**. Who?

Mr. **Hakim**. Lt. Col. North.

Mr. **Nields**. Can you explain the circumstances surrounding the setting up of an account for Lt. Col. North?

Mr. **Hakim**. I must start by saying that when I established this account, Lt. Col. North had absolutely no idea about this. This occurred during the time that the so-called McFarlane Tehran trip was about to take place.

Mr. **Nields**. That took place approximately the 24th, 25th of May 1986, and this account was set up on May 20th?

Mr. **Hakim**. I am talking about the time when the concept and idea came to my mind. We knew that such a trip was going to take place, and by this time I had become extremely fond of Lt. Col. North. To me, he is an amazing person. I noticed something in this man that—he has got two loves. One is his country, and to a point that he is, in my mind, the biggest satisfaction that can be given to him is if he would enter into an environment that he could get killed for his country. I sensed that so many times.

The other love that he has is his family, and he especially during the time of the second channel, I witnessed him being torn apart between these two loves.

But coming back to how this thing came about, I came up with the idea that Ollie had to be insured, and it started out with putting this money aside as a death benefit for him, and I had also learned through scattered discussions—it was not that there was one discussion that this issue was analyzed—I had heard through various remarks that Ollie was not spending time at home, and he was not attending to his family, to his kids' education and so forth, and I had become emotionally very attached to Ollie, still am, and I really love this man.

I talked to Richard, General Secord, I said that I thought it would be wise to set aside $500,000 to cover the—as a death benefit for Ollie. I recall that Richard opposed to this figure.

Mr. **Nields**. Richard what?

Mr. **Hakim**. Opposed.

Mr. **Nields**. Was against it?

Mr. **Hakim**. Against it, yes. As a matter of fact, he made a remark that the point of reference that I use is my own lifestyle and I have no understanding of what a soldier's life is, and that there are benefits that the government provides, and I came up with the figure of two hundred. General Secord made no opposition to this. He did not disagree, and yet he did not come right out and say that, fine, go ahead and do it. And I did not pursue this.

That is how this was developed and the reason I came up with this figure in addition to the fact that General Secord had been opposed to my original idea, I figured that the interest on $200,000 could cover a good part of a child's university education.

Mr. **Nields**. Did you tell Colonel North that you had set this money aside?

Mr. **Hakim**. I cannot recall having told Colonel North that I had set money aside for his family's benefit, but I do recall my reaction to the times that we were discussing his family problem, basically for not being able to attend to his family, and also his concern about the education of his kids and his concern what would happen if he should get killed and so on.

The way I remarked to him was, "Ollie, you are part of the family. For as long as one of us is alive, you need not worry about your family." That is what I remember having told him. I do not recall sitting him down and saying that I have set aside $200,000 for your family's benefit.

Mr. **Nields**. You have referred to this at times as a death benefit. I take it this was shortly before the trip to Tehran in May of 1986?

Mr. **Hakim**. You are correct.

Mr. **Nields**. You have also said some things about his children's education. Did you ever take any steps to get some part of this money or any other money into his possession for his children's education?

Mr. **Hakim**. The answer is yes. I consulted Mr. Zucker and he—I gave him an Iranian proverb. I told him that I want to do this, but the proverb is that if you want to fix the eyebrow, we don't want to blind the eye, meaning that I want to find a proper way of getting this money to his kids without compromising Ollie's position or his family, and consequently, we came to the conclusion that Mr. Zucker, during his forthcoming trip to the United States to contact Mrs. North, without mentioning my name, to tell her that there is a certain person who admires her husband and wishes to help out with the university and the education expenses of the children.

And I provided him with the telephone number, home telephone number of Mrs. North, and I was told later that Mr. Zucker did call Mrs. North and as a result of that, a meeting took place, I believe in Mr. Zucker's attorney's offices in Philadelphia.

Mr. **Nields**. Did Mr. Zucker tell you anything about what happened during that meeting?

Mr. **Hakim**. What I can recall the purpose of his meeting was, was to learn more about the family structure of Mr. and Mrs. North, to see who is who, what the family structure is, who are the relatives.

I have never met Mrs. North or any of the children, and I do not have any personal knowledge to this date about Colonel North's family structure. Bill Zucker basically wanted to learn about the family, and when I asked him, he said that he has an idea about the family structure, and I believe what he had in mind was to see if he could find a proper way of getting the money in some sort of fashion, which was never determined, through the relatives to North's family, and the bottom line of that investigation was that he could not find a proper way to do that.

Mr. NIELDS. Did you and Mr. Zucker ever talk about another way to do that?

Mr. HAKIM. Yes. I was persistent and I had an additional discussion with Mr. Zucker. The idea that we came up with was maybe we could arrange for a part-time job for Mrs. North, and since we did not know what the qualifications of Mrs. North were, we decided that maybe if Mr. Zucker could find someone that could offer that position to her, and even if she did not qualify, we could make use of the Button set aside to cover her salary, and Mr. Zucker told me that he knew of a land real estate developer that he was going to contact and see if he could find a way, approaching the problem that way.

And that was the last time that we discussed about this issue, and to the best of my knowledge, no money was sent to North's family and no solution, no proper solution was found.

Mr. NIELDS. Just so we understand the idea of this real estate development company was to have that company pay Mrs. North some kind of a salary and to have the Button account pay the real estate company?

Mr. HAKIM. That is correct.

Mr. NIELDS. You have indicated that you told Mr. Zucker not to tell Mrs. North what the source of this money was.

Mr. HAKIM. That is correct.

Mr. NIELDS. But I take it Mr. North knew who Mr. Zucker was.

Mr. HAKIM. Yes, he did. Although they had not met.

Mr. NIELDS. And did you mention to anyone else the fact that you had given Mr. Zucker the Norths' telephone number?

Mr. HAKIM. I believe I told this to General Secord, that this is what I was doing.

Mr. NIELDS. Mr. Hakim, I have to ask you this question. Since you have testified that you told Mr. Zucker not to mention your name, were you attempting to compromise Mr. North without his knowledge or did you act in the belief that this wouldn't happen unless—that a meeting would never take place in Philadelphia unless Mr. North knew of it and approved of it?

Mr. HAKIM. I did not absolutely have the intention of compromising Oliver North in any way or form. Basically what I did, I put a wheel into motion and then if North's family wanted to open the door to my motion, they could. If they wanted to close the door to it, they also could do that.

I just simply went ahead and put this action into motion and left the rest up to them.

Mr. NIELDS. I think you said you put the wheels in motion. I take it you are referring to the fact that you gave Mr. Zucker the telephone number——

Mr. HAKIM. That is correct.

Mr. NIELDS. Requested him to try to set up a meeting with Mrs. North—told General Secord what you were doing, and you assumed that the transaction would go forward if the Norths were agreeable and not otherwise?

Mr. HAKIM. That is correct, and to answer the second part of your question, my intention was only to help. I had no other intention.

Mr. NIELDS. Mr. Hakim, I would like to return to the Hakim capital account. The Hakim capital account itself—is exhibit 6. I do not propose to go through every transaction entered in that account with you, Mr. Hakim. You have identified in depositions out of this account a minimum of some $700,000 which constituted profit or distributions to your personal benefit.

Mr. HAKIM. That is correct.

Mr. NIELDS. You have identified several other hundred thousand dollars that you are uncertain of.

Mr. HAKIM. That is also correct.

Mr. NIELDS. You have identified a $500,000 entry which was intended to be used for the joint benefit of you and General Secord?

Mr. HAKIM. I referred to that as the—the answer is correct. That was the investment money that we set aside, yes.

Mr. NIELDS. I would particularly like to direct your attention to two entries on the third page of the exhibit. Each of them is in the amount of $2 million. The first one is opposite a date, 5-3, and I take it that is March 5th, 1986.

Mr. HAKIM. Yes, that is correct, yes.

Mr. NIELDS. These are European datings, are they not, so the five which appears first refers to the day of the month, and the three refers to the month.

Mr. HAKIM. You are correct.

Mr. NIELDS. What was the purpose of that $2 million transfer into your capital account?

Mr. HAKIM. This is the money that General Secord referred to as the self-insurance money. My approach was a little bit more expanded than General Secord's. If you recall from the organization chart that I prepared, exhibit 1, there is a section that refers to CSF investment with the letter R, which stands for reserve. So this is a set aside for reserve, which could cover insurance needs.

Capital for the company—it is just——

Mr. NIELDS. You were setting aside capital for the company and giving it to CSF to invest, so it would make money?

Mr. HAKIM. That is correct.

Mr. NIELDS. Was this—I take it that as a general matter when CSF manages money on behalf of a client, it enters into some kind of an agreement, an investment management agreement with that client?

Mr. HAKIM. That is correct.

Mr. NIELDS. And you indeed have entered into an investment management agreement with CSF for your personal moneys?

You have executed one at least at some time?

Mr. HAKIM. Yes.

Mr. NIELDS. We will get back to that.

Mr. HAKIM. OK.

Mr. **Nields**. Was this $2 million transfer into your capital account the subject of a separate investment management agreement?

Mr. **Hakim**. Yes, it was.

Mr. **Nields**. And I will ask you to turn to exhibit 17 and ask you whether that, in fact, is the investment management agreement that relates to this $2 million?

Mr. **Hakim**. Yes, it is.

Mr. **Nields**. And is that also a document that you have provided to the committee?

Mr. **Hakim**. That is also correct.

Mr. **Nields**. And from CSF, I take it?

Mr. **Hakim**. Yes.

Mr. **Nields**. And you had your own copy of it in your own files?

Mr. **Hakim**. That is correct.

Mr. **Nields**. It refers particularly to the assets described in Appendix A, and if you turn to Appendix A, it refers to the deposit on March 5, 1986, U.S. dollars 2 million.

Mr. **Hakim**. That is correct.

Mr. **Nields**. And that is the same $2 million that shows up in your capital account on that same date?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And this $2 million, however, I think you testified was set aside for the purposes of the enterprise. This was not just for your personal benefit.

Mr. **Hakim**. That is correct, sir.

Mr. **Nields**. And that created a problem in your mind, as I understand it, in the event that should something happen to you, for example, if you were to die?

Mr. **Hakim**. Yes.

Mr. **Nields**. Because there would be no record of the fact that this should be under the control of the enterprise rather than under your personal control or in your estate?

Mr. **Hakim**. You are correct, sir.

Mr. **Nields**. And did you execute some kind of document in order to handle that problem?

Mr. **Hakim**. Yes, I did.

Mr. **Nields**. I would like you to turn to exhibit 18. Do you have that in front of you?

Mr. **Hakim**. Yes, I do.

Mr. **Nields**. Is that the document that you executed in order to deal with the problem of your death and the control over this $2 million?

Mr. **Hakim**. That is correct, sir.

Mr. **Nields**. Approximately when was this document executed?

Mr. **Hakim**. To the best of my recollection, it was sometime between March and June, when we tried to restructure the estate.

Mr. **Nields**. March or June of 1986?

Mr. **Hakim**. Correct.

Mr. **Nields**. In other words, sometime after the money had been put in this subaccount and prior to June.

Mr. **Hakim**. That is my best guess.

Mr. **Nields**. Now, the document in the first paragraph refers to the fact that you might die, and the second paragraph reads as follows: "Should Richard V. Secord"—sorry, I should say it refers in the first paragraph to the fact that, should you die, Secord would then control the money in the account.

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. And then, in the second paragraph, it says, "Should Richard V. Secord, after having qualified to give us instructions concerning this account, die or become disabled or otherwise be unable to communicate with us, a decision we shall make in our best judgment, we shall then accept instructions with respect to this account from Oliver North alone, both with respect to the investment of assets and the payment of funds from the account, whether to him or to any third party or parties he shall designate."

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. I take it your idea here was that if anything should happen to you, General Secord would control the account, and if anything happened to him, Oliver North would control the account?

Mr. **Hakim**. We went up the ladder, yes.

Mr. **Nields**. With North at the top of the ladder, Secord in the middle and you at the bottom?

Mr. **Hakim**. That is correct, sir.

Mr. **Nields**. And I take it the idea was you wanted to keep the higher the person was on the ladder, the farther you wanted to keep him away from the money in these accounts, or having his name associated with them?

Mr. **Hakim**. That is correct.

Mr. **Nields**. But you still had to have it associated in some document, otherwise you might lose control of the $2 million.

Mr. **Hakim**. Lose the control of the $2 million for the enterprise.

Mr. **Nields**. And this was an enterprise ultimately in which North was at the top?

Mr. **Hakim**. That is correct. That was my judgment.

Mr. **Nields**. OK, I would like you to refer back to exhibit 6. There is a second $2 million entry, this one dated June 18, 1986. Do you have that in front of you?

Mr. **Hakim**. Yes, I do.

Mr. **Nields**. And was that also the subject of a separate investment management agreement with CSF?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And I believe that is exhibit 19. I will ask you to turn to exhibit 19.

Mr. **Hakim**. I have that.

Mr. **Nields**. And is that the investment management agreement that relates to the $2 million that was put into your capital account on June 18, 1986?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And it is headed AH Subaccount No. 2, and I think the record should reflect that the earlier investment management agreement covering the other $2 million was denominated AH Subaccount No. 1.

Mr. **Hakim**. That is correct.

Mr. **Nields**. And again, the attachment to exhibit 19, the Appendix A, refers to a deposit on June 18, 1986, in the amount of $2 million.

Mr. **Hakim**. That is correct.

Mr. **Nields**. And I guess I should ask you what was the purpose of this $2 million being put in your capital account?

Mr. **Hakim**. Generally the same information I gave you. It was the enterprise's money for the expenses, reserve, back-up, and what I called the financial backbone of the company, to expand and strengthen the financial backbone of the company.

Mr. **Nields**. Now, was there a—was there one of these documents covering the contingency of your death in connection with this second $2 million?

Mr. **Hakim**. There should be a similar document.

Mr. **Nields**. Take a look at exhibit 20, please.

Mr. **Hakim**. I have that, sir.

Mr. **Nields**. Now, exhibit 20 is similar to the other document that was executed in the event of your death, except that it does not mention Lt. Col. North; is that correct?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And what was the reason for not having North's name on this document?

Mr. **Hakim**. We had created certain obligations in connection with opening the second channel that would not have been appropriate for a government official to get involved in handling those commitments.

Mr. **Nields**. These were commitments to officials or people you believed to be officials of the Iranian Government?

Mr. **Hakim**. As well as businessmen.

Mr. **Nields**. Both?

Mr. **Hakim**. Yes.

Mr. **Nields**. And when you say commitments, you mean that you had an obligation to pay them some money?

Mr. **Hakim**. That is putting it very bluntly, yes.

Mr. **Nields**. But accurately?

Mr. **Hakim**. Yes.

Mr. **Nields**. And I take it from what you are saying that one of the purposes of this second $2 million subaccount was that it could be used for that purpose.

Mr. **Hakim**. Well it was company expense, so those commitments, I regarded them as company expense.

Mr. **Nields**. I would like you to turn back to exhibit 18 for just a moment. I would like you to turn to the second page. This is the document which makes reference to you, General Secord, and Colonel North. Do you have it in front of you?

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. It says on the first full paragraph on the second page,

> Should none of the three individuals named above be alive, then upon receipt of proof of death in form satisfactory to us, we shall divide the then-remaining balance in this account in three equal parts of equal value and hold one such part for the designees of that individual if he shall have left a written designation with us, or if he shall not, we shall pay that part to the properly designated representative of his estate.

What was the reason for putting that provision in?

Mr. **Hakim**. Well, I again—again, I went through different stages. I provided here that if they wanted to designate this to—

let's take the case of Colonel North, if he became aware that there was, that he had such power over this money, if he wanted to designate that to a branch of the U.S. Government, he could do so, and if he died, then my understanding was that—and I will not go into details about this at this time—but this private enterprise had three people running it as the three circles that we referred to, so that was my personal judgment to prepare the document as you read it.

Mr. **Nields**. To your knowledge, was Colonel North aware of the fact that if the three of you all died that a third of this $2 million would go to his estate?

Mr. **Hakim**. He has never seen this document, and I never discussed it with him.

Mr. **Nields**. Is the answer that, to your knowledge, he was not aware of the way——

Mr. **Hakim**. To my knowledge, he was not aware of this.

Mr. **Nields**. Mr. Hakim, we have been testifying, or you have been testifying about money up until now. Did there come a time when you actually became involved, substantively involved, in what has been referred to as the Iranian initiative?

Mr. **Hakim**. Yes, I did, sir.

Mr. **Nields**. And was that for, at first in February of 1986?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And how did that come about?

Mr. **Hakim**. I believe I was in Geneva when I received a call from General Secord. I can't recall at this time where he was calling from. He was not in the States, I believe. I am not quite sure. He told me that he needed my assistance in connection with the—by then, I knew the code name for Mr. Ghorbanifar, he referred to him as Gorba in connection with that activity, and he wanted to see me in Frankfurt.

So I had less than 24 hours to appear there, and he also asked me to make reservations for I believe three or four people at a hotel at the airport, which I did, and I got there first, and I met with General Secord there, and then upon his arrival, he explained to me that certain activities were going on in connection with Iran, which I did not have the details of until that day. He explained to me that there was a prior effort, which I knew very little about, and he needed me to help him to interpret and act as the translator in the meetings that they had arranged prior to their coming.

And he also mentioned to me that Colonel North would be coming soon, and a CIA official would also be coming soon. He explained to me about the various participants that would be arriving shortly, including the gentleman I mentioned earlier, Mr. Ghorbanifar and who would be bringing with him several Iranian officials, and he wanted me to participate in those meetings that they intended to have.

Mr. **Nields**. Did an issue arise about you and Mr. Ghorbanifar?

Mr. **Hakim**. The issue of Mr. Ghorbanifar was discussed earlier between General Secord and I.

Mr. **Nields**. Was the point there that you already knew Mr. Ghorbanifar, and you understood that he did not want you at the meeting?

Mr. **Hakim**. Yes, and——

Mr. **Nields**. And I take it General Secord told you that he wanted you to come anyway.

Mr. **Hakim**. That is also correct.

Mr. **Nields**. And what was the reason?

[Witness conferring with counsel.]

Mr. **Hakim**. I started to tell you that the issue of Mr. Ghorbanifar had come before this meeting between General Secord and myself. He had asked me earlier if I knew a gentleman by the name of Mr. Ghorbanifar. I told him yes, I did, and I explained to him how. He told me that I am making a mistake, it is not the same person.

And at some later date, he told me that he had mentioned my name to Mr. Ghorbanifar, and had told him that I will be participating with him in the meetings, and Mr. Ghorbanifar violently rejected the idea and told him that I was an enemy of the state and in no way I should get involved. During the Frankfurt meeting, when I arrived there, I asked him, "OK, Richard, how are you going to solve this problem? I know Mr. Ghorbanifar. I have met him in the past. I am sure he will recognize me."

By this time Oliver North had arrived and the gentleman from the CIA. They discussed among themselves if the CIA could—if the CIA station in Frankfurt could provide me with some facility that Mr. Ghorbanifar would not recognize me, and if I am not mistaken the CIA official even made some phone calls and came back and said, "Well, the bureaucracy is not going to allow us enough time to take care of this." And Richard told me that, "Albert, you have shown that you are resourceful. Why don't you go and solve the problem?"

And they wanted me back in just a little bit more than an hour. So I rushed down to the concierge of the Sheraton Hotel. I told them I needed to buy a gift for my father, and I had in mind to buy him a wig because I could not explain to the young lady there why I needed a wig.

I got the address of several locations in town. I took a taxi. Went there. Went to the first one, and I had a heck-of-a time because I was in a rush to get back and this lady was asking me questions whether I wanted to swim or didn't want to swim, what kind of wig I wanted. It was difficult to keep a straight face and also be efficient and get back in time for the meeting.

I managed to get the wig and she insisted that I should go down to the barber shop and get a hairdo. Anyway to make a long story short, I came back and I—when General Secord and Colonel North looked at me, they could not believe their eyes. They said that no way Mr. Ghorbanifar would recognize me. And——

Mr. **Nields**. I take it you then attended the meetings with Mr. Ghorbanifar wearing this wig?

Mr. **Hakim**. Face to face, yes.

Mr. **Nields**. And he did not, to your knowledge, recognize you?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And I take it that the reason you were there was to act as an interpreter?

Mr. **Hakim**. Yes, I was introduced as a special interpreter for the President of the United States, to impress the Iranians.

Mr. **Nields**. Now, can you describe—I don't want to go into the entire meeting, Mr. Hakim. We have heard testimony about it before, but the committee would like to hear from you how the interpretation aspect of the meeting was handled, and I guess my first question is, was someone other than you doing the interpretation at the beginning of the meeting?

Mr. **Hakim**. First of all, I attended two different meetings, and one was the so-called political, and the other one was the military. During——

Mr. **Nields**. The political one, I take it, was attended by officials of the government of Iran?

Mr. **Hakim**. Yes.

Mr. **Nields**. And officials of the U.S. Government?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And I take it this was the first meeting of officials of both governments in some time?

Mr. **Hakim**. That is correct.

Mr. **Nields**. OK, continue.

Mr. **Hakim**. Basically we agreed that I come in and sit there and allow Mr. Ghorbanifar to do the translation, and I just stayed there to see how he does. I was introduced to them and he knew that I spoke Farsi. I greeted them in Farsi, spoke a little bit in Farsi.

So Mr. Ghorbanifar started with a translation and there came a time that I decided that I should no longer take the passive role and should interfere because right in front of my two eyes and my two ears the translation was taking a direction that was serving Mr. Ghorbanifar's purposes best. So I had to take a more active part.

Mr. **Nields**. Was he accurately translating what the Iranian officials were saying?

Mr. **Hakim**. There were many times that he was not accurately translating. So I sort of took charge there and started to do the translation and soon, after a few minutes, I found out that what the American delegation was saying and what the Iranian delegation was saying, they were absolutely on two different frequencies; they were going past each other.

Mr. **Nields**. In what fashion?

Mr. **Hakim**. Well, Colonel North was heading the U.S. delegation and his emphasis was to establish, to take steps that would take us to establishing a relationship with Iran, normalizing the relationship. He was after a long-term objective and at the same time he was referring to removal of obstacles and the obstacles, he meant the hostages. But he approached—the approach of Colonel North was long-term where the approach of the Iranian official was highly, if not only, focused on purchase of weapons.

And I would bring them around and get them close to talk about the same thing. They would continue for a short while to discuss about the long-term relationship, but before I knew it they were back, each one, to what I call back to their own frequencies, and I didn't see the meeting going well. I didn't have a good feeling about it because I was convinced that the gentleman who came from Iran had definite requirement, and he did not want to divert his attention from the requirement that he had and later on my assessment proved to be correct.

Mr. NIELDS. Now, after this meeting, did you return home to the United States? I don't mean immediately, Mr. Hakim. I mean eventually.

Mr. HAKIM. Oh, yes, eventually I did come back to the United States, yes.

Mr. NIELDS. And did you for a time time have direct telephone conversations with the Iranian official?

Mr. HAKIM. Yes, but prior to that I ran into the gentleman in the lobby of the hotel. He had a personal message for me to carry to the President of the United States. He approached me and General Secord was also present and we had a very short discussion in the lobby, and the cultural difference became so evident during this short and brief discussion that I gave even less of a chance for success with the approach that we were taking.

The message was if I could whisper into the ears of President Reagan to go ahead for whatever money is needed, to supply the arms—this may not be meaningful to the committee but——

Mr. NIELDS. What do you mean by for whatever money?

Mr. HAKIM. Basically, he was trying to bypass all the people and make a deal with the President, and if the——

Mr. NIELDS. For money?

Mr. HAKIM. Yes. You know, tell him that money is no problem and if he could get the weapons given to them and make a deal.

Mr. NIELDS. And I take it this was an example of the point you made before that the two sides were on totally different frequencies?

Mr. HAKIM. It is—the cultural gap is at least with this gentleman, once we got to the second channel, it was a totally different world. I was very impressed with the second channel.

Mr. NIELDS. And after you returned to the United States, did you have some direct communications with this first channel?

Mr. HAKIM. Yes, a number of telephone conversations.

Mr. NIELDS. What was the reason for that? Why did you have direct communications with him?

Mr. HAKIM. The explanation that was given to me was that the CIA continued to have the problem of coming up with someone to replace me, and I was not willing to really go beyond my expertise, which is business, and get involved into politics.

But since they had no one yet assigned to this project, I continued to maintain contact with this individual, and there came a time that I was replaced.

Mr. NIELDS. Replaced by a CIA person who could speak Farsi?

Mr. HAKIM. That is correct.

Mr. NIELDS. You have made repeated reference to the second channel. Did there come a time when you decided to seek a second avenue to Iran?

Mr. HAKIM. Yes, I did.

Mr. NIELDS. And that means, I take it, find a government official in Iran to try to deal with different from the government official who you had met in Frankfurt in February?

Mr. HAKIM. That is correct, but the focus was to choose a—as you very well know, the structure of the Iranian Government is such that there are different groups and factions with different approaches, and yet they do work in harmony and closely.

My mission was to see if I could choose a channel that a more professional communication could start between the two countries.

So it was not just to find another channel, but a channel that healthy discussions could take place.

Mr. Nields. Mr. Hakim, I am not going to ask you any more questions about the second channel today. We will pick up again with it when you return tomorrow.

Chairman Inouye. At this time, the Chair recognizes Mr. Van Cleve to continue the interrogation.

With the conclusion of Mr. Van Cleve, we will stand in recess until 10:00 o'clock tomorrow morning at which time we will receive the testimony of a Mr. Lewis and at 1:30 tomorrow afternoon, we will resume the testimony of Mr. Hakim.

Mr. Van Cleve. Thank you, Mr. Chairman.

Good afternoon, Mr. Hakim.

Mr. Hakim. Good afternoon.

Mr. Van Cleve. By prior agreement with Mr. Nields, in order to provide continuity in the testimony before the committee, I am going to limit my questioning of you today to one particular subject and then I hope that Mr. Nields finishes his questioning of you during your next appearance then to come back to some of the other issues that have been raised during your testimony.

The subject that I would like to cover is the subject of the connection between your enterprise and Oliver North.

What I am going to do, just so you have a general outline of how the questioning will proceed, is to ask you a series of specific questions that are similar about a couple of particular areas.

I am going to start with what you call the wills and go from there to the fiduciary agreements. I am going to go from there to the Button account, and I want to conclude by asking some questions about the question of your plan for education of North's children.

Mr. Hakim. Yes, sir.

Mr. Van Cleve. So with that general plan in mind, this is the way the questioning will go. This first group of questions refers to exhibits AH-18 and AH-20, which have been called testamentary instructions or wills in previous testimony before the committee.

You are welcome to refer to them, although the questions I have are general in nature, but if you need to refer to them at any point or confer with your attorney, please stop me.

During the period January 1, 1985 to the present, did Oliver North request, suggest or direct that exhibit AH-18 or AH-20 be prepared?

Mr. Hakim. No, sir.

Mr. Van Cleve. During the period January 1, 1985, to the present, did Oliver North suggest, request or direct that his name be included in exhibit AH-18, AH-20, or any similar document?

Mr. Hakim. No, sir.

Mr. Van Cleve. During the period January 1, 1985 to the present, did you tell Oliver North orally or in writing or by any other means that exhibit AH-18, AH-20, or any similar document had been prepared or executed?

Mr. Hakim. Not that I can recall, sir.

Mr. Van Cleve. Not that you can recall.

You have no specific information about whether or not North may have been told by anyone?

Mr. HAKIM. It is possible that he was told by General Secord, but not through me.

Mr. VAN CLEVE. When you say it is possible, can you give the committee any additional information on that point?

Mr. HAKIM. General Secord was aware, I made him aware of these so-called wills.

Mr. VAN CLEVE. Both of them?

Mr. HAKIM. Both of them.

Mr. VAN CLEVE. He was aware of them?

Mr. HAKIM. Yes, sir.

Mr. VAN CLEVE. When you say it is possible he may have told Colonel North, do you have any specific information on that point?

Mr. HAKIM. No, sir.

Mr. VAN CLEVE. Did you intend to confer on Oliver North any personal financial interest or personal financial gain by executing exhibit AH-18, AH-20, or any similar document?

[Counsel conferring with witness.]

Mr. HAKIM. I am afraid I don't understand the question.

Mr. VAN CLEVE. I would be happy to either repeat it——

Mr. HAKIM. Could you rephrase it, please?

Mr. VAN CLEVE. My question is did you, Mr. Hakim, intend in executing exhibit AH-18, AH-20, to confer a personal financial benefit on Oliver North?

[Counsel conferring with witness.]

Mr. HAKIM. Not beyond what is provided in the document.

In the case that all three of us die, that his family would benefit from it, provided that he has not designated anything else.

Mr. VAN CLEVE. I understand the terms of the provision but my question was; was the document executed in order to further his business for the U.S. Government or to provide personal financial gain for him?

Mr. JANIS. I think the document speaks for itself, and I think he has just answered that question.

Mr. VAN CLEVE. Mr. Hakim do you want to——

Mr. HAKIM. I really don't have anything further to say.

Mr. VAN CLEVE. I would like to turn now to the fiduciary agreements, exhibits AH-17, AH-19, and AH-21.

My questions to you, Mr. Hakim, are going to be similar to the questions I put with respect to the testamentary instructions.

Mr. HAKIM. Yes, sir.

Mr. VAN CLEVE. During the period July 1, 1984, to the present did Oliver North ever request, suggest or direct that any of the fiduciary agreements contained in exhibits AH-17, AH-19 or AH-21, be established?

Mr. HAKIM. No, sir.

Mr. VAN CLEVE. During the period July 1, 1984 to the present did Oliver North ever request, suggest or direct that any of the AH capital accounts which were made subject to the fiduciary agreements in AH-17, AH-19, or AH-21 be established?

Mr. HAKIM. These are the AH subaccounts?

Mr. VAN CLEVE. Yes.

Mr. HAKIM. No.

Mr. **Van Cleve**. During the period July 1, 1984, to the present did you tell Oliver North, orally or in writing or by other means, that exhibit AH-17, AH-19, or AH-20 or any similar agreement had been established?

Mr. **Hakim**. No, sir.

Mr. **Van Cleve**. To your knowledge, during the period July 1, 1984 to the present did Richard Secord or anyone else tell Oliver North that the agreements established in AH-17, AH-19, or AH-21 had been made?

Mr. **Hakim**. Not that I am aware of.

Mr. **Van Cleve**. Did you intend to confer on Oliver North any personal financial interest or personal financial gain by executing exhibit AH-17, AH-19 or AH-21?

Mr. **Hakim**. No, sir.

Mr. **Van Cleve**. These questions refer to exhibit 26, the fiduciary agreement in favor of B. Button that has been referred generally in earlier testimony. Again the questions will be similar, Mr. Hakim, although these questions are not quite identical to the previous questions.

Mr. **Hakim**. Yes, sir.

Mr. **Van Cleve**. You have testified that this account or at least the underlying capital account was established to provide death benefits for the family of Oliver North in the event that something happened to him in Iran; is that correct?

Mr. **Hakim**. That is correct.

Mr. **Van Cleve**. Did Oliver North, from the period January 1, 1985, to the present, ever request, suggest or direct that the underlying capital account, or exhibit 26, be established?

Mr. **Hakim**. The answer is no, and I would like to further explain if you refer to page 5, you see that this document is not signed, is not an executed document. It doesn't have any signature on it.

Mr. **Van Cleve**. We will note that for the record.

This is a related question, but it does not deal with exhibit 26 itself. Did Oliver North, during the period January 1, 1985, to the present ever request, suggest or direct that a capital account or similar type of reserve or set-aside be established for his benefit?

Mr. **Hakim**. No, sir.

Mr. **Van Cleve**. During the period January 1, 1985 to the present, did you tell Oliver North orally or in writing that a reserve, capital account, or other similar set aside had been established for his benefit?

Mr. **Hakim**. Not more than what I testified during the questioning of Mr. Nields.

Mr. **Van Cleve**. You testified in response to Mr. Nields that you told Oliver North that his family would be looked after in the event that anything happened to him; is that correct?

Mr. **Hakim**. I believe I said if any of us would remain alive out of the three, he needs not to worry about the family.

Mr. **Van Cleve**. Did he ever ask you for any such assurance?

Mr. **Hakim**. No, he didn't.

Mr. **Van Cleve**. Did you tell him anything further whatsoever about how you would try to assist his family?

Mr. **Hakim**. I didn't and he didn't ask.

Mr. Van Cleve. So it would have been reasonable for him I take it to think that you were making a general statement that was essentially a purely moral commitment?

Mr. Hakim. That is correct.

Mr. Van Cleve. I would like to turn now if I might to the last of four issues that I mentioned and that has to do with the gift for the education of one of North's children. You testified that during 1986, you considered making a gift to Oliver North for his family to pay for the college tuition of one of his children; correct?

Mr. Hakim. Yes.

Mr. Van Cleve. You also testified that you instructed your attorney Mr. Zucker to see if there were some way this could be accomplished, correct?

Mr. Hakim. That is correct.

Mr. Van Cleve. And your attorney told you, did he not, after some investigation that you should not get involved; correct?

Mr. Hakim. He said that he has not found a proper way and I should not pursue this.

Mr. Van Cleve. He told you he could not determine a lawful means to make the gift; is that correct?

Mr. Hakim. That is correct.

Mr. Van Cleve. So the gift was never made; is that correct?

Mr. Hakim. To the best of my knowledge.

Mr. Van Cleve. In fact, at your deposition on May 24, I think you were asked the following questions, which I am about to read to you, and gave the following answers. If you would just confirm that for the committee. You were asked "to your knowledge did any of the money of the enterprise ever go to the benefit, personal benefit of Oliver North?" And you gave this answer: "not under my instructions and not to my knowledge;" is that correct?

Mr. Hakim. That is correct.

Mr. Van Cleve. You gave that answer in response to that question?

Mr. Hakim. That is correct.

Mr. Van Cleve. Did you ever tell North that you or the enterprise were going to make a large gift to him or that you were thinking about doing that?

Mr. Hakim. Not beyond that what I already testified.

Mr. Van Cleve. Did you ever ask anyone else to tell North that you were going to make such a gift or were thinking about doing it?

Mr. Hakim. Not beyond what I already testified.

Mr. Van Cleve. My recollection is that you have not testified that you told anyone else other than Mr. Zucker to discuss this subject with either Mr. or Mrs. North; is that correct?

Mr. Hakim. I also mentioned about the educational gift to General Secord.

Mr. Van Cleve. That was not my question Mr. Hakim. The question was: did you tell anyone else to tell Mr. or Mrs. North that you were thinking of making a gift?

Mr. Hakim. No.

Mr. Van Cleve. Did Oliver North ever complain to you about financial troubles and state or imply that he would like you to make such a gift to him or his family?

Mr. HAKIM. No, sir.

Mr. VAN CLEVE. I believe you testified that your attorney Mr. Zucker met with Mrs. North in the process of investigating this gift; is that correct?

Mr. HAKIM. That is correct.

Mr. VAN CLEVE. Is it not a fact that you instructed your attorney, Mr. Zucker, not to identify you as his client?

Mr. HAKIM. That is correct.

Mr. VAN CLEVE. So it is entirely possible that if Mr. Zucker carried out your instructions, until today, Mrs. North did not know who it was that is intended to make the gift; is that correct?

Mr. HAKIM. That is very possible.

Mr. VAN CLEVE. Is it a fact that you and Mr. Zucker were looking for a way to provide income to Mrs. North so that even she would not know the source of the income?

Mr. HAKIM. That was the intention.

Mr. VAN CLEVE. And is this the reason why you did not want to make a direct gift, so that the Norths would not know the source of the gift?

Mr. HAKIM. That is correct.

Mr. VAN CLEVE. In other words, you wanted to make an anonymous gift so that you could not be accused of influencing North; is that correct?

Mr. HAKIM. Well, that—the answer is yes, but I am not quite sure if I understand the spirit of your question.

Mr. VAN CLEVE. I don't think the question had a spirit, Mr. Hakim. I thought it was a factual question. The question was, you wanted to make an anonymous gift; is that correct?

Mr. HAKIM. That is correct.

Mr. VAN CLEVE. And the purpose of making an anonymous gift was so that you could not be accused of influencing the Norths; is that correct?

Mr. HAKIM. That is correct.

Mr. VAN CLEVE. You testified that your motive in contemplating a gift was to help his family; is that correct?

Mr. HAKIM. That is correct.

Mr. VAN CLEVE. Did you have any other reason for considering this gift?

Mr. HAKIM. No, sir.

Mr. VAN CLEVE. Didn't you think making this gift would give you influence over Colonel North?

Mr. HAKIM. If he didn't know where it came from the answer is I could not have influenced him in any way or form.

Mr. VAN CLEVE. Mr. Hakim, did anyone ever tell you that it would not be lawful to make a large gift to a U.S. Government employee with whom you were doing business at the time?

Mr. HAKIM. I knew that.

Mr. VAN CLEVE. Just a couple of final questions, Mr. Hakim.

During the period from July 1, 1984 to the present, Mr. Hakim, did you ever give money or any other thing of value to Lt. Col. Oliver North or any member of his family?

Mr. HAKIM. No, sir.

Mr. VAN CLEVE. During the period from July 1, 1984, to the present, Mr. Hakim, did you ever request or instruct any person to give money or any other thing of value to Lt. Col. North or his family?

Mr. HAKIM. No, sir.

Mr. VAN CLEVE. To your knowledge, Mr. Hakim, during the period July 1, 1984, to the present, did anyone connected with any business venture of yours or with the Iran-Contra arms sales ever give money or any other thing of value to Lt. Col. North or his family?

Mr. HAKIM. No, sir.

Mr. VAN CLEVE. Mr. Chairman, I have no further questions at this time.

Chairman INOUYE. The panel will stand in recess until 10:00 a.m., tomorrow morning.

[Whereupon, at 5:15 p.m., the Select Committees recessed, to reconvene at 10:00 a.m., Thursday, June 4, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Testimony of David M. Lewis and Continued Testimony of Albert Hakim

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THURSDAY, JUNE 4, 1987

SENATE SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
AND
HOUSE SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN,
Washington, DC.

The Select Committees met, pursuant to call, at 10:00 a.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman INOUYE. The hearing will please come to order.

Before proceeding with the business of the day, without objection, exhibits EA-46 and AH-1 through AH-27 will be made part of the record. Without objection, the transcript of the deposition of Richard Melton of May 27, 1987, will be made part of the record and be designated as exhibit EA-51.

Chairman INOUYE. Also, without objection, the transcript of the deposition of Harold G. Cohen will be made part of the record and designated as exhibit HC-1.

Chairman INOUYE. May I call upon our counsel to describe this transcript.

Mr. LIMAN. Mr. Chairman, on June 1, 1987, the committees took the deposition of Harold G. Cohen, an attorney in Molton, New Jersey. Mr. Cohen represents Forways Industries, a company in which Mr. Zucker is a substantial investor and a company which has connections with Mr. Hakim.

Mr. Cohen testified that in the week and days preceding September 27, 1987, he had meetings with Mr. Zucker and Mr. Hakim.

Mr. Hakim then left, and he scheduled a meeting on September 27, 1987, with Mr. Zucker. Mr. Cohen testified that Mr. Zucker told him that he would have to take time out of the meeting on that day to meet with a woman who was coming from the Washington area.

He further testified that Mr. Zucker did excuse himself for a brief meeting with this woman, that he believed that the meeting took place at the Philadelphia office, and that Mr. Zucker told him that the purpose of the meeting was to discuss a possible investment with the woman. He testified that Mr. Zucker did not disclose to him at any time the name of the woman, and he does not know who it was.

Chairman INOUYE. Thank you very much.

Mr. LIMAN. If I said September 27, 1987, I misspoke, obviously. September 27, 1986.

Chairman INOUYE. The correction will be noted.

Our next witness is Mr. David M. Lewis of Washington, DC.

Mr. Lewis, will you please rise.

[Witness sworn.]

TESTIMONY OF DAVID M. LEWIS

Chairman INOUYE. Mr. Nields.

Mr. NIELDS. Mr. Chairman, I believe Mr. Lewis has a very brief statement that he wishes to read.

Chairman INOUYE. Please proceed.

Mr. LEWIS. Thank you Mr. Chairman. My name is David M. Lewis. At my side is my law partner Thomas J. Loughran, who is here today as my counsel.

I'm an attorney practicing in Washington, DC. In October, 1986, I was a party to a conversation which at the time I did not consider very important, but based upon later events, appeared to me to be important to the subject matter of the committee's inquiry.

Thereafter, in January, 1987, I mentioned my conversation to Spencer Oliver, chief counsel to the Foreign Affairs Committee. He passed on the information that I had to the committee staff, and I subsequently met with the committee.

Thank you.

Mr. NIELDS. Mr. Lewis, before we get to the information perhaps you could give us a little bit of personal background. Where were you born and raised?

Mr. LEWIS. Philadelphia, Pennsylvania.

Mr. NIELDS. And educated?

Mr. LEWIS. I went to college at the Philadelphia College of Textiles and Science and law school at Temple University Law School.

Mr. NIELDS. After you got out of law school what did you do?

Mr. LEWIS. I went to work as a trial attorney in the Securities and Exchange Commission here in Washington, DC, and I was there until the end of 1974, at which time I left.

I was an associate in the Washington office of a New York law firm, and in 1977 I was a founding partner of the law firm I am a member of now.

Mr. NIELDS. You might as well state the name of the firm.

Mr. LEWIS. Finkelstein, Thompson, Levenson, and Lewis.

Mr. NIELDS. What type of law do you practice?

Mr. LEWIS. Primarily securities law.

Mr. NIELDS. Do you know a man named Willard Zucker?

Mr. LEWIS. Yes, I do.

Mr. NIELDS. When did you first meet him?

Mr. LEWIS. I met Mr. Zucker, I believe in 1972 or 1973, I would guess, while I was working at the SEC. He was being interviewed as a witness in an investigation and a fellow I car pooled with at the time was giving Mr. Zucker a lift to the airport, I believe, and I met him briefly then.

Mr. **Nields**. Have you been in touch with him from time to time since?

Mr. **Lewis**. Yes. In 1978 we were essentially cocounsel in a case that he had brought to our firm involving an SEC investigation of a client of his and, thereafter, I would be in touch with him maybe once a year at most, just casual telephone call or discussion.

Mr. **Nields**. Did there come a time when Mr. Zucker contacted you by telephone and asked you a legal question on the subject of real estate?

Mr. **Lewis**. Yes, yes. I would think, I would guess some time—and I don't have an accurate date on this—but I think some time, I would expect early in 1986—I am sorry—yes, 1986. Mr. Zucker called and asked a question about whether someone could receive a real estate commission if they were not licensed as a real estate agent. I remember I asked him where the property was and he indicated that the property was in Maryland.

I told him I might look into it, it was not a question I knew the answer of—I am not a real estate attorney. I don't recall whether I ever got back to him or not, but I do recall the conversation.

Mr. **Nields**. Just on the question of timing, I take it your recollection is not exact on the issue of when that telephone call took place?

Mr. **Lewis**. Not at all.

Mr. **Nields**. I take it—it is fair to say that it was sometime prior to October 1986?

Mr. **Lewis**. That is correct.

Mr. **Nields**. Did you have a second telephone conversation with Mr. Zucker on the subject of real estate?

Mr. **Lewis**. Yes. And I would say sometime probably in late September of 1986 we had a discussion in which he asked me whether I knew of a real estate broker who would take someone on as an agent for a transaction—or the impression I got was there was a transaction to be done and Mr. Zucker wanted this person to receive a real estate commission from the transaction and did I know a broker who would hire that person as an agent for that purpose?

I said that I am sure that it would not be too difficult to find someone willing to do that. I didn't, frankly, know of anybody off the top of my head I could immediately go to and have that done.

Mr. **Nields**. For that purpose, I take it, it meant for just a single transaction?

Mr. **Lewis**. Yes.

Mr. **Nields**. Yes. Did there come a time in October of 1986 when you actually met with Mr. Zucker?

Mr. **Lewis**. Yes. I traveled to Switzerland, Geneva, Switzerland, on the 9th of October for business, and I met with Mr. Zucker on the morning of the 10th of October.

Mr. **Nields**. And I take it you conducted some unrelated business on the morning of the 10th?

Mr. **Lewis**. That is correct.

Mr. **Nields**. How is it that you knew the date was the 10th of October?

Mr. LEWIS. When I was interviewed by the committee staff I went and checked my records and determined that that was the date.

Mr. NIELDS. Travel records, I take it?

Mr. LEWIS. Yes.

Mr. NIELDS. Did there come a time when you had concluded your other business and you went to lunch?

Mr. LEWIS. That is correct.

Mr. NIELDS. Did you have lunch with Mr. Zucker?

Mr. LEWIS. Yes, I did.

Mr. NIELDS. And were there others present?

Mr. LEWIS. Yes, there were.

Mr. NIELDS. And did there come a time when the others left for at least a brief period of time?

Mr. LEWIS. That's correct.

Mr. NIELDS. And did you have a conversation with Mr. Zucker while the others were absent?

Mr. LEWIS. Yes, I did.

Mr. NIELDS. And would you describe the conversation?

Mr. LEWIS. We got into a discussion of the real estate transaction. I guess I was asking some questions about the nature of the property or what was involved, and Mr. Zucker then indicated to me that there wasn't a specific property involved.

Mr. NIELDS. Did you say was not a specific——

Mr. LEWIS. Was not a specific property involved, that—I guess I got the impression—I don't recall exact words—he had a wealthy client who wanted to, in a sense, get money to or reward someone here in the United States and was looking for a business transaction to do it in. And we discussed ways that that might be done and—but then as we went on, he began to indicate to me that, in fact, it was not necessary that there even be a real business transaction.

He essentially was looking for a cover for someone to merely pay money to a certain person here in the United States. I then asked him who the person was, and he said the person was the wife of someone in the White House, that they were not paying the money—the money was earned by the person in the White House in some unrelated matter, but they did not want to pay the money to the person in the White House because of his sensitive position.

I then asked him who the person in the White House was and, to the best of my recollection, he said it was Lt. Col. Oliver North.

Mr. NIELDS. Did he say anything more about how this transaction might be structured?

Mr. LEWIS. Yes. He explained it to me in what I call—I don't think he used this wording—mirror transaction. What he was suggesting is that someone here in the United States would pay money to Colonel North's wife, or the woman, whatever, and——

Mr. NIELDS. Was that someone the real estate——

Mr. LEWIS. The real estate broker, whoever was going to do this, would pay money to the designated person here, and at the same time a similar sum of money would be deposited in the payer's bank account in Switzerland or anywhere else in the world the payer wanted.

Mr. **Nields**. When you say the payer, you are referring again to the real estate broker?

Mr. **Lewis**. That's right.

Mr. **Nields**. So the real estate broker would have a Swiss bank account and Mr. Zucker's client would put money into that bank account, simultaneously the broker in the United States would pay money to this person in the United States?

Mr. **Lewis**. That's correct.

Mr. **Nields**. Did Mr. Zucker mention an amount of money?

Mr. **Lewis**. Well, I believe he did. I don't have a specific recollection of that amount.

Mr. **Nields**. Do you recall telling Spencer Oliver that it was $70,000?

Mr. **Lewis**. I don't specifically recall that, but that amount in that range, I think, seems—does ring a bell, but I can't tell you now I recall a specific amount.

Mr. **Nields**. I take it whatever you told Spencer Oliver would have been the best of your recollection at that time?

Mr. **Lewis**. That's correct.

Mr. **Nields**. Can you say $70,000 is approximately the amount of money?

Mr. **Lewis**. I think I can.

Mr. **Nields**. Did anything come of this conversation?

Mr. **Lewis**. No, not that I know of.

Mr. **Nields**. Did you take any steps to pursue it?

Mr. **Lewis**. None.

Mr. **Nields**. Mr. Lewis, do I take it correctly that you do not know Oliver North?

Mr. **Lewis**. That's correct.

Mr. **Nields**. Or Mrs. North?

Mr. **Lewis**. No.

Mr. **Nields**. Is it also correct you don't know General Secord?

Mr. **Lewis**. That's correct.

Mr. **Nields**. Or Albert Hakim?

Mr. **Lewis**. That's correct.

Mr. **Nields**. Now, have you been following the story of the Iran-Contra issue?

Mr. **Lewis**. Generally.

Mr. **Nields**. And would it be fair to say that you have no connection with any of the people whose names have been mentioned in connection with that investigation or any of the facts?

Mr. **Lewis**. That's correct.

Mr. **Nields**. And that would—I take it that would be true of your firm, too?

Mr. **Lewis**. That's correct.

Mr. **Nields**. You don't represent Nicaragua, Iran, Cuba or anything like that?

Mr. **Lewis**. Nothing like that.

Mr. **Nields**. Mr. Chairman, I have no further questions.

Chairman **Inouye**. Mr. Liman.

Mr. **Liman**. No questions.

Chairman **Inouye**. Mr. Van Cleve.

Mr. **Van Cleve**. Thank you, Mr. Chairman.

Mr. Lewis, good morning.

Mr. **Lewis**. Good morning.

Mr. **Van Cleve**. I would like to start with a couple of brief questions about your conversation with Mr. Zucker on October 10th. During your October 10th conversation, after Mr. Zucker explained to you the idea of making a—what you describe as a mirror transaction, did he represent to you in words or substance that the transaction he was considering was perfectly legal?

Mr. **Lewis**. Well, yes. What he said—I am not sure exactly when in the conversation he said it, but he indicated that the person in the White House had earned this money in some unrelated fashion. And so this wasn't—I guess he was trying to tell me it wasn't some sort of payoff or bribe or whatever.

Mr. **Van Cleve**. So, he essentially did represent to you that it was a legal transaction?

Mr. **Lewis**. Yes, he did.

Mr. **Van Cleve**. And leaving aside the matter of the identification of the individual involved, the substantive conversation ended about there; is that correct?

Mr. **Lewis**. I am not sure I understand the question.

Mr. **Van Cleve**. Leaving aside the question of the identity of the individual who was involved, the substantive conversation with Mr. Zucker ended at about that point on this issue?

Mr. **Lewis**. The whole conversation was 3 or 4 minutes.

Mr. **Van Cleve**. I understand.

Did Mr. Zucker ever ask you in this conversation to do anything specific to assist him?

Mr. **Lewis**. No.

Mr. **Van Cleve**. Did Mr. Zucker ever state or imply he would compensate you for any assistance you might render?

Mr. **Lewis**. No.

Mr. **Van Cleve**. Did Mr. Zucker ever tell you or ask you to "keep this quiet"?

Mr. **Lewis**. No.

Mr. **Van Cleve**. As I understand it, you did not report this conversation to any U.S. Government official for more than 3 months after it occurred. Isn't that correct?

Mr. **Lewis**. That is correct.

Mr. **Van Cleve**. Please tell the committee why not.

Mr. **Lewis**. Well, at the time he told me the conversation—the conversation occurred—I had no idea who Colonel Oliver North was or anything at all. So, the whole thing didn't mean very much to me, or didn't mean anything, and it was, frankly, just a brief conversation I put out of my mind and didn't think about until the events unfolded in the newspaper.

And at that point, I began dealing with the issue of whether I should come forward with my information, and initially I was concerned that—well, first, I hoped maybe the people involved would come forward themselves and there would never be a need for me to go and speak with anyone about it, but after that appeared not to be the case, I wrestled with it mentally as to what to do and finally made a decision, and by that time, I guess, it was towards the end of January.

Mr. **Van Cleve**. Does that complete your answer on that?

Mr. **Lewis**. Yes.

Mr. **Van Cleve**. Is it possible that the intervening publicity and delay in reporting in any way influenced your perception or understanding or recall of this conversation?

Mr. **Lewis**. I guess it is possible. I mean, I remember, as I said—I have a fairly certain recall about certain things in the conversation and less about others.

The reference to the White House and to someone's wife is a certainty. The reference to the name is less certain. This again was a name that meant nothing to me at the time. The reference to the fact the person was a military person is somewhat certain. But I frankly can't say, although it is possible the things I read in the paper influenced my memory.

Mr. **Van Cleve**. No further questions, Mr. Chairman.

Thank you, Mr. Lewis.

Chairman **Inouye**. Mr. Liman, do you have any questions?

Mr. **Liman**. No, Mr. Chairman.

Chairman **Inouye**. Senator Sarbanes.

Senator McClure.

Mr. **McClure**. Thank you.

I suspect you were also somewhat hesitant to come forward with what might be innuendo that affected somebody else, but you felt it was necessary because you had some information.

Mr. **Lewis**. That is correct. And when I went to the committee I indicated that while I made—I asked for no promise about—that I wouldn't be called as a witness, I indicated if need be I would be and the committee was forthright in saying they thought unless they—my testimony was corroborating other testimony that they probably would not call me.

Mr. **McClure**. Mr. Lewis, in somewhat the same vein, I feel compelled to ask you a question because we have received information anonymously, a phone call to a staff person who has indicated that you or a member of your law firm has represented the Government of Nicaragua or leaders in the Nicaraguan Government.

Mr. **Lewis**. Absolutely no.

Mr. **McClure**. And that you have or members of your law firm have represented the Government of Cuba.

Mr. **Lewis**. Absolutely not. That is just a scandalous lie.

Mr. **McClure**. All right. There may be some other Mr. Lewis. I didn't know, sir, what the source of that information may be.

What is your relationship with Spencer Oliver?

Mr. **Lewis**. I have met Mr. Oliver—well, I met him on a social occasion and that was it.

Mr. **McClure**. How long ago?

Mr. **Lewis**. In January.

Mr. **McClure**. But you had not known him before January of this year?

Mr. **Lewis**. That is correct.

Mr. **McClure**. Thank you very much, Mr. Chairman.

Chairman **Inouye**. Are there any further questions?

Chairman **Hamilton**. Mr. Chairman, I have no questions, Mr. Lewis, but I do want to say I think the members of the committee understand that this is not an easy appearance for you and that you come before us at some risk perhaps to your own professional standing.

You come as a volunteer, and we appreciate that very much. You have come to help the committee, and you have done it.

Thank you.

Mr. **Fascell.** Mr. Chairman, I just wanted to say amen to the chairman's remarks. We need citizens who will step up and Mr. Lewis certainly has done that.

I wanted to add my commendation.

Chairman **Inouye.** Senator Heflin.

Mr. **Heflin.** Mr. Lewis, following the time that you began to see things in the newspapers, did you contact Mr. Zucker relative to these matters?

Mr. **Lewis.** No.

Mr. **Heflin.** Since reading it in the newspaper, you at no time have ever talked to Mr. Zucker about this?

Mr. **Lewis.** That is correct.

Mr. **Heflin.** Now, did you, in effect, make an offer to the counsel involved in these committees that you might talk to Zucker and attempt to get his cooperation in this matter?

Mr. **Lewis.** Yes. I had a brief discussion about that with Mr. Oliver.

Mr. **Heflin.** Was anything followed up relative to the way you offered to talk to Zucker?

Mr. **Lewis.** Nothing.

Mr. **Heflin.** But you have had no conversation, no contact with Zucker. How about any representative of Zucker, any of his lawyers or anything else since that time?

Mr. **Lewis.** Not that I know of.

Mr. **Heflin.** You have had none whatsoever with any representative of Mr. Zucker.

Mr. **Lewis.** That is correct.

Mr. **Heflin.** That is all.

Chairman **Inouye.** Mr. Lewis, I wish to associate myself with the remarks of Chairman Hamilton and to thank you for being a good citizen.

Mr. **Lewis.** Thank you, Senator.

Chairman **Inouye.** If there are no further questions, Mr. Lewis, thank you and you are dismissed.

I would like to announce at this time that the members of the Senate panel will be meeting immediately upon a declaration of recess in the anteroom.

Chairman **Hamilton.** Mr. Chairman, I have a similar announcement for the members of the House Select Committee. We will be meeting in room 301 of this building.

Thank you, Mr. Chairman.

Chairman **Inouye.** Both meetings are very important, and it is on a subject that we discussed yesterday at lunch, so I hope all of you will be present.

This hearing will stand in recess until 1:30 this afternoon.

[Whereupon, at 10:30 a.m., the Select Committees recessed, to reconvene at 1:30 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 1:30 p.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman **Inouye**. The hearing will please come to order.

The Chair recognizes Mr. Nields.

Mr. **Janis**. Mr. Chairman, before we begin, I would like to extend to the committee my thanks for the courtesy they extended to me and my son this morning. Thank you very much.

Chairman **Inouye**. It is our pleasure, sir.

CONTINUED TESTIMONY OF ALBERT HAKIM, FROM JUNE 3

Mr. **Nields**. Mr. Hakim, I think when we broke off yesterday you were beginning to testify about your efforts to establish a second channel.

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. And by a second channel, I think you indicated you meant an Iranian official different from one that Mr. Ghorbanifar had produced, through whom you hoped to normalize relations, transact business with respect to arms, and hopefully release hostages; is that correct?

Mr. **Hakim**. That's correct, sir.

Mr. **Nields**. Whose idea was it to look for a second channel?

Mr. **Hakim**. I believe, effectively General Secord's, but the unhappiness about the first channel was shared by all people involved. So he came up, I think, with the idea for the first time.

Mr. **Nields**. And who actually set out to look for a second channel?

Mr. **Hakim**. I organized that.

Mr. **Nields**. And did you not only organize it, did you also do it?

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. Was anyone in the U.S. Government aware of the fact that you were doing it?

Mr. **Hakim**. Again, through the same chain of command, if you will, General Secord knew, and I do recall also direct conversations that I had from my home in California with Lt. Col. North to—from his office and to his office from my home, that he wanted to get a firsthand report on my progress.

I believe General Secord was not available so there were times that I reported directly about the status of the situation to Colonel North.

Mr. **Nields**. So Colonel North was aware of the fact that you were looking for a second channel, but I take it that you were taking the initiative in deciding exactly how to go about doing that.

Mr. **Hakim**. You are correct, sir.

Mr. **Nields**. And I take it that there came a time when you were successful in identifying an Iranian official through whom you thought you might be able to open a second channel.

Mr. **Hakim**. Eventually, yes, that's correct.

Mr. **Nields**. And that was sometime towards the end of the summer of 1986?

Mr. **Hakim**. That is correct, sir.

Mr. NIELDS. And was there a meeting in Brussels with the Iranian official?

Mr. HAKIM. There was a meeting arranged that General Secord and I attended to actually evaluate the second channel, an evaluation meeting, if you will.

Mr. NIELDS. And you met with the official?

Mr. HAKIM. That is correct.

Mr. NIELDS. And that was in Brussels in August of 1986?

Mr. HAKIM. That is correct.

Mr. NIELDS. And was any official of the U.S. Government present?

Mr. HAKIM. No, sir.

Mr. NIELDS. And did you in fact meet with this official?

Mr. HAKIM. Yes, I did.

Mr. NIELDS. And did you evaluate him?

Mr. HAKIM. I did.

Mr. NIELDS. And what was your evaluation? How did he compare to the official that we have been calling the first channel?

Mr. HAKIM. I was extremely impressed. I found a new generation that I had not come across before. This gentleman is a younger person, and he impressed me very well.

Mr. NIELDS. And I take it that you were put in contact with him through other people that you knew and had explored this issue with prior to August.

Mr. HAKIM. That's correct.

Mr. NIELDS. At this meeting in Brussels, did you talk about future normalization of relations between the United States and Iran?

Mr. HAKIM. That was also part of our discussion.

Mr. NIELDS. And did you talk about the possibility of the U.S. Government providing arms to Iran?

Mr. HAKIM. Yes, we did.

Mr. NIELDS. And did you talk about the possibility of Iran arranging the release of hostages in Lebanon?

Mr. HAKIM. Yes, we did.

Mr. NIELDS. Prior to the meeting in Brussels, had you had discussions with General Secord or Colonel North on the subject of your financial interest in this continuing project?

Mr. HAKIM. Prior to August? You mean prior to my getting involved in establishing the second channel?

Mr. NIELDS. No, I don't mean prior to your getting involved in it. I mean prior to the meeting in August.

Mr. HAKIM. There was no discussion on that subject.

Mr. NIELDS. Up until that time?

Mr. HAKIM. That is correct.

Mr. NIELDS. Did you have any discussion shortly thereafter?

Mr. HAKIM. Yes, we did.

Mr. NIELDS. With whom?

Mr. HAKIM. Originally with General Secord, and there came a time that Colonel North and CIA officials, as well as Iranians, were also informed.

Mr. NIELDS. Approximately how long after the meeting in Brussels did these conversations occur?

Mr. HAKIM. No longer than a month.

Mr. NIELDS. Would you describe them?

Mr. HAKIM. Well, this—the detailed discussion—when I say "detailed," I do not mean to the extent that he talked about the sums or method of payment and how.

It was very specific in the meetings that we had on a Saturday, I believe, if I am not mistaken, in the office of STTGI where we held an all-day meeting with the presence of the Iranians, as well as CIA officials, with Lt. Col. North, General Secord, and myself. This issue was very clearly discussed in the presence of all the parties that I mentioned.

Mr. NIELDS. Before we get to that discussion, perhaps we should set the scene a little bit further. I take it after the meeting in Brussels you reported back to Colonel North.

Mr. HAKIM. General Secord did.

Mr. NIELDS. But you learned about that?

Mr. HAKIM. Yes, I knew that was going to happen.

Mr. NIELDS. And was it agreed with Lt. Col. North, General Secord, and you that a meeting should be arranged with this Iranian official in the United States?

Mr. HAKIM. Yes, it had two purposes: first, for Colonel North to get involved; and secondly, to test to see how sincere the second channel was and if they were prepared to take the risk of coming to the United States. And that was a very brave step on the part of the Iranians, because at that time there were also factions operating within the structure of the Iranian Government that did not support this method of approach towards the United States, and I to—to this date, I admire the group that decided to stick their neck out and approach us, brave people.

Mr. NIELDS. But they did eventually come?

Mr. HAKIM. Yes, sir.

Mr. NIELDS. And that was in September of 1986?

Mr. HAKIM. That is correct.

Mr. NIELDS. And that was when this all day meeting occurred at STTGI?

Mr. HAKIM. No sir, we had a prior meeting at the offices of Colonel North and there was also a break for lunch and we continued with the discussions, and I might add, there were times I did not participate in the meetings. Mr. George Cave at that time was aboard, and it was—it was my desire, as well as the desire of the other parties, for me to maintain my commercial role. So there were areas that I stepped out of the room. And the meeting lasted until late in the afternoon that day.

Mr. NIELDS. Are you describing the meeting now at Colonel North's office or at STTGI?

Mr. HAKIM. No, the meeting at the Old Executive Office Building, Colonel North's office.

Towards the end of the day, after we broke off and arranged to have the meeting the next day at our offices, Colonel North and I took our guest for a tour of the White House, and we took him to every corner of the White House, and by then——

Mr. NIELDS. Did that include the Oval Office?

Mr. HAKIM. Yes. We went—also we did not actually walk into the Oval Office, the doors were open. There was a little barrier, rope barrier in front there, but we showed him the rooms and Colonel North, by this time, was also impressed by this gentleman, and he was feeling, after many months of frustration, he was feeling upbeat. It is interesting to know while we were passing by one of the corridors, stepping down the stairs, we came across a picture that was hanging on the wall. It portrayed the table and like a conference table and there were dogs sitting around the table and I remember one of the dogs I think was taking a little nap, and Ollie was feeling very upbeat and he asked me to translate for our guest that this represented our Cabinet, and that Mr. Casey was taking a nap. That broke the ice.

Mr. NIELDS. I take it, during the meeting that preceded the tour of the White House, you had talked about normalizing relations between the two countries?

Mr. HAKIM. Yes, we did.

Mr. NIELDS. And you talked about the United States providing military equipment to Iran?

Mr. HAKIM. That is correct.

Mr. NIELDS. And you talked about the possibility of the Iranians obtaining the release of the hostages in Lebanon?

Mr. HAKIM. Yes, sir.

Mr. NIELDS. Now, I think you said there was a meeting at STTGI the next day at which the subject of money for you came up?

Mr. HAKIM. Myself and the group who assisted me to open the second channel.

Mr. NIELDS. This is a group of Iranians, I take it?

Mr. HAKIM. That is correct.

Mr. NIELDS. That included government officials and also private?

Mr. HAKIM. Well, I was led to believe that there was at least one person in that group that was a government official. This does not refer to the gentleman that headed the delegation and the gentleman that we took for the tour of the White House. It was a second gentleman that we all believed to be directly connected to the Iranian Government.

Mr. NIELDS. Would you describe the discussion that took place the next day at STTGI on the subject of financial remuneration for you and these Iranians?

Mr. HAKIM. Well, it was not really a new item for discussion. I had—at a time of starting the efforts to open the second channel, I mentioned to General Secord that the only way we can achieve this is through commercial contacts, and we have to be prepared to treat it as such.

And during the—I believe the Saturday morning at STTGI, the other gentlemen who were accompanying our guest, took me aside and they wanted to know if I had indeed clarified their status, and I came back into the room——

Mr. NIELDS. These were the Iranians?

Mr. HAKIM. That's correct, sir.

They came back into the room and, in a very open, clear manner, brought the subject up. Our guest was also present, and I was told we are at the early stages of this channel, we don't know how this thing is going to shape up. We recognize what you are telling us, we agree, and we'll deal with it at the appropriate time.

Mr. NIELDS. When you said, "We recognize what you are telling us," what were you referring to?

Mr. HAKIM. In other words, they were accepting my position that there should be a financial benefit for myself and my group.

Mr. NIELDS. And when you say you went back into the room, I take it you mean you went back into the room where Colonel North and CIA people were present?

Mr. HAKIM. And General Secord, yes.

Mr. NIELDS. And you told them that you had just had a discussion with the Iranians outside the room?

Mr. HAKIM. Two of the Iranians. The Iranian official that I referred to him as our guest was inside with the rest of the American delegation, and I had a little discussion with the other two outside of the conference room and I came back and made sure that this issue would not be forgotten, and they were all intensely involved in discussing politics, hostages and so on. So I made sure that that was also part of the discussion.

Mr. NIELDS. And you keep saying "that" and "this." I take it what you are referring to is the——

Mr. HAKIM. The financial remuneration.

Mr. NIELDS. For?

Mr. HAKIM. Opening the second channel.

Mr. NIELDS. And remuneration for the Iranians and for you?

Mr. HAKIM. That's correct.

Mr. NIELDS. And you made both parts clear, I take it?

Mr. HAKIM. Yes, sir.

Mr. NIELDS. And that was agreed to by the people in the room?

Mr. HAKIM. In principle.

Mr. NIELDS. Was any particular amount or method of remunerating you and the Iranian officials agreed to at the time?

Mr. HAKIM. It was left to the future, and after they had a better understanding of how the relationship would develop. It was too early to be specific.

Mr. NIELDS. I take it you regarded this trip by the Iranians to this country and the meetings at the Old Executive Office Building and at STTGI to have been basically successful?

Mr. HAKIM. Very much so.

Mr. NIELDS. But I take it there was no final agreement reached?

Mr. HAKIM. The agreement—are you referring to the financial end of it or the political?

Mr. NIELDS. No. I'm asking, I take it there was no particular agreement reached during this September trip to the United States with respect to arms and hostages?

Mr. HAKIM. No. We were evaluating each other, sort of testing the intents of each other. For the first time we saw that we were not going past each other, we were focusing around the same frequency for the first time.

Mr. NIELDS. And was it agreed to have another meeting?

Mr. HAKIM. Definitely. That was the conclusion of the meeting, that both parties would report back to their governments, evaluate the situation and arrange for a meeting where more detailed discussions would be held.

Mr. NIELDS. And was there, in fact, a meeting in Frankfurt in October?

Mr. HAKIM. Yes, sir.

Mr. **Nields**. And I take it you and General Secord were both present?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And Colonel North?

Mr. **Hakim**. As well as Mr. George Cave.

Mr. **Nields**. A CIA official?

Mr. **Hakim**. That is correct.

Mr. **Nields**. I take it the Iranian, the second channel, and these other Iranians were also present?

Mr. **Hakim**. Well, this time there were additional people who joined the group.

Mr. **Nields**. From the Iranian side?

Mr. **Hakim**. From the Iranian Government, yes.

Mr. **Nields**. And did you have a discussion during the meeting in Frankfurt also about normalizing relations between the countries?

Mr. **Hakim**. Definitely.

Mr. **Nields**. Did you have a discussion about the provision of U.S. military equipment to Iran?

Mr. **Hakim**. Very much so.

Mr. **Nields**. And the hostage issue also came up?

Mr. **Hakim**. Definitely.

Mr. **Nields**. Was there some kind of a written proposal made at that meeting?

Mr. **Hakim**. I can't recall if it was during that meeting or a different meeting that that written proposal came about.

To the best of my recollection, there were two or three meetings that both delegations came to in Germany, and I also recall a separate meeting that I participated alone, or it could have been part of three meetings that I came earlier to talk to one of the very important members of the Iranian delegations.

There were a number of meetings. There was a time that the agreement that you are referring to was discussed.

Mr. **Nields**. And this was still in October of 1986?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And this proposal was made by Colonel North?

Mr. **Hakim**. It was discussed by Colonel North. I don't know how it came to be prepared. He had prepared a seven-point document that was the subject of our intense discussions with the Iranians.

Mr. **Nields**. Would you turn to exhibit 22?

Mr. **Hakim**. I have that.

Mr. **Nields**. Is that the seven-point plan to which you referred?

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. And is that in Mr. North's handwriting?

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. And I take it—I won't have you read the entire thing, the document speaks for itself—but was that the proposal that was being discussed with the Iranians?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And it provides for the provision of 500 TOWs and HAWK spare parts and it provides for the release of hostages, among other things?

Mr. **Hakim**. That is correct.

Mr. **Nields**. Did the Iranians agree to this seven-point plan?

Mr. **Hakim**. The bottom line was that they did not, and the meeting was not successful. It broke off with disappointment on the part of both parties. Colonel North got ready to leave for the United States to report back that there would not be any success dealing with the second channel.

I urged him to be more patient. He was very specific. He told me, Albert, it will take me 6 hours—take Colonel North 6 hours to get to Washington and he was going to have a meeting at about 6 o'clock that day with the President, that is what he told me, and unless I come up with something prior to him going to the President, he has to report to the President that the meeting was not successful.

So I was left behind to see what I can do to turn this thing around.

Mr. **Nields**. So North left and you proceeded to try to reach an agreement with the Iranians in the 6 hours?

Mr. **Hakim**. That's correct.

Mr. **Nields**. Can you describe what the major objections or problems were with the seven-point plan?

Mr. **Hakim**. I believe the basic problem—there were basically two problems: one, I would say, cultural and lack of basic communication—I'm not saying the same type of communication that did not exist during the first channel—and lack of patience on the part of our delegation.

We were very impatient. We were expecting to—I told our group that we would want to establish a relationship as if we are preparing stew in a pressure cooker. That is not possible. You have to be patient, spend a lot of time, try to understand each other.

So because of those two reasons, they could not allocate enough time to understand each other, which I succeeded to do after they left.

Mr. **Nields**. So you did continue the negotiations?

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. And did you and the second channel then reach an agreement?

Mr. **Hakim**. Well, we agreed on what I referred to, a nine-point proposal which later on was communicated to Colonel North, as well as General Secord, and then it was agreed upon and later that became a nine-point agreement.

Mr. **Nields**. This nine-point agreement, I take it you had a copy of that written in Farsi which you provided to the committee—committees?

Mr. **Hakim**. I had an original copy which I provided you with.

Mr. **Nields**. Have you also done an English translation of that Farsi document, leaving out certain names?

Mr. **Hakim**. I did that, I believe, yesterday, yes. I translated that yesterday.

Mr. **Nields**. And is that document——

Mr. **Hakim**. I might add, Mr. Nields, that the original Farsi version of the nine-point agreement that I provided you with is written in the handwriting of the Iranian official who is different than the gentleman who came to Washington, and this is the gentleman that I referred to very quickly yesterday, that I became very, very fond of this person, and I hope that there will be questions asked about this second channel.

I won't take your time about that, but I was very impressed with this person.

Mr. NIELDS. This was written by——

Mr. HAKIM. This man—it is this man's handwriting, what you have.

Mr. NIELDS. This man that you are describing who actually wrote the nine-point plan in Farsi was one of the officials that you had an obligation to remunerate in some way at some future time, I take it?

Mr. HAKIM. Absolutely not. To the contrary.

Mr. NIELDS. Oh, this was actually the second channel you are talking about?

Mr. HAKIM. This gentleman, to the contrary. I became very fond of this man. I got to learn about him and his family, and during one of the trips that he took to Germany and met with me, I wanted to act like a host. We were in Germany. I bought some shirts and jeans for his kids. He refused to accept them. I insisted, and actually I put it in his suitcase and he did something very remarkable. He stopped fighting me, but when we were in the taxi and I was getting ready to leave, I said goodbye to him and, before the taxi drove away, he pushed a $100 bill into my coat pocket. Effectively, I still owe him $50. A remarkable man, very brave man.

Mr. NIELDS. In any event, your translation of his nine-point plan in Farsi is pages 3 and 4 of exhibit 22; is that correct?

Mr. HAKIM. Yes, sir.

Mr. NIELDS. At the top of that page you have a note. I take it that is a summary of what occurs at the top of the document in Farsi, rather than a translation?

Mr. HAKIM. You are correct, sir.

Mr. NIELDS. But what follows is your attempt to do a translation; is that correct?

Mr. HAKIM. In a very short time that I had available to me.

Mr. NIELDS. The very first paragraph says, "Iran provides funds to Mr. Hakim for 500 TOWs and, if willing, Iranians will provide for the HAWK spare parts which remain from the previous agreement."

Should that read, "will provide funds for the HAWK spare parts"?

Mr. HAKIM. That was left out. You are correct, yes.

Mr. NIELDS. There is a reference in the nine point plan which appears to be absent from the seven-point plan to the release of certain Kuwaitis, 17 persons. That is item number 3?

Mr. HAKIM. Yes, sir.

Mr. NIELDS. Was that one of the subjects of contention that the Iranians raised with respect to the seven-point plan?

Mr. HAKIM. That was one of the issues that caused the meeting to end without success while Colonel North was negotiating it.

Mr. NIELDS. And you proposed that the problem be solved by having you provide a plan or promising to provide a plan for the release of these Kuwaitis?

Mr. HAKIM. That is correct.

Mr. **Nields**. Item number 4 says "one and a half American hostages in Lebanon will be released." What does that mean, one and a half?

Mr. **Hakim**. This is very interesting. This is a question that eventually Colonel North asked me. I was—General Secord had a commitment, so while I was doing this patching up work, General Secord was absent, and he had the KL-43 machine with him, and right about the same time that Colonel North was getting ready to go report to the President, I managed to get him on the phone and in riddles, I went over the nine points.

When I got to one and a half hostages, he asked me if I was drunk. He thought we were going to cut one of the hostages in half.

I explained to him that half indicates as provided in the text: the seriousness of the Iranians to make a very sincere effort with the Lebanese for the release of the second hostage. This second channel was vary candid with us, this gentleman who prepared this document—very honest, very open. He was a tough negotiator, but he never misled me. He was referred to as a monster because he kept his ground, but when he promised me to put in there one and a half, he understood, and I understood what it means.

It meant that he actually will take a trip, personally take a trip to—after clearing it with his superiors—to Lebanon and try to see what he can do for the release of the second hostage. This man showed repeatedly signs of bravery in various forms. So one and a half indicates definitely one and that obligation was met by the Iranians. The half meant that it is not just empty words, he would actually take steps—and it was understood that he would personally take a trip to Lebanon.

Mr. **Nields**. And then I take it, as you have already testified, you communicated this nine-point plan to Colonel North?

Mr. **Hakim**. I asked him—since we could not discuss this without compromising it over the phone, I urged Colonel North to delay reporting that the second channel was a failure until General Secord and I had the opportunity to send him a KL-43 message. And he accepted.

Mr. **Nields**. And the KL-43 message summarized the nine point plan in English?

Mr. **Hakim**. It did, and then the follow-up to that was General Secord's personal comment that—he said the more he reads the nine points, the more he likes it, even better than the seven points.

Mr. **Nields**. And did you eventually learn that the nine point plan was accepted by the U.S. Government side?

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. And was it also accepted by the Iranian Government side?

Mr. **Hakim**. Yes. It was—since I had made it clear to the Iranians that I am not negotiating this thing on the behalf of the U.S. Government, I am just trying to make sure that it continues to be maintained, I agreed on a code to be passed on directly by Mr. Cave to the Iranians indicating that code would be the sign that they have accepted the nine point agreement and that indeed took place, and Mr. Cave did call and gave them the coded message.

Mr. **Nields**. And I take it eventually 500 TOW missiles were shipped?

Mr. **Hakim**. That is correct, sir.

Mr. **Nields**. And one hostage was released?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And that was in late October, early November, 1986?

Mr. **Hakim**. You are correct, sir.

Mr. **Nields**. Now, did the subject of money for you come up again during this period of time?

Mr. **Hakim**. By this time the—since we had gotten closer to the nucleus of the Iranian Government, we became more professional, if you will, and tried to have the financial end of the discussion in separate meetings without the presence of this gentleman that I referred to as "the monster." He turned out to be a good friend.

So, there were meetings and discussions on that issue, but not mixed with the official discussions.

Mr. **Nields**. Did you say they were mixed or not mixed?

Mr. **Hakim**. Not mixed.

Mr. **Nields**. Was an agreement ever reached as to precisely how much or how you were going to be remunerated and how much or how the Iranians would be remunerated?

Mr. **Hakim**. No, sir. We still had not gotten into this far enough to evaluate our situation.

Mr. **Nields**. Did you continue meeting with the Iranians following the shipment of TOWs in late October and the release of the hostage?

Mr. **Hakim**. Very much so. When we were not meeting, we were in constant telephone contact.

Mr. **Nields**. Did you, indeed, continue to meet even after there had been some disclosures about the fact that the United States was shipping arms to Iran?

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. But I take it there came a time in late November of 1986 when the meetings essentially ceased?

Mr. **Hakim**. That was the time that I was asked—I don't know if the meetings stopped or not. I was asked by Mr. Cave on behalf of the U.S. Government to arrange for one final meeting between the Iranians and the Americans, and this time with the presence of the State Department representative, a gentleman by the name of Charles Dunbar, accompanied Mr. Cave.

I arranged with the Iranians to come to Frankfurt. I briefed them when they arrived as to what was happening, and I told them that after this introduction I will not be able to be in contact with them as the representative of the delegation.

They accepted to meet with Mr. Dunbar and Mr. Cave. They asked me if I were prepared to also participate in the meeting. I checked with Mr. Cave. I said, "I am prepared to attend a meeting. The Iranians are showing a sign of anxiousness, and they would feel more comfortable if I participated." I believe he went back and checked with Mr. Dunbar, came back to me, said there is no problem in my participating.

At that time, I had my attorney with me in Europe, Mr. Janis. He actually had come with me to Frankfurt. Then I told Mr. Cave to inform Mr. Dunbar that I would be prepared to participate in the meeting if he would accept for my attorney to be also present. He refused.

Therefore, I did not participate in the meeting, and I really don't know what continued or discontinued after that introduction.

Mr. **Nields**. Thank you, Mr. Hakim.

I would now like to turn back again briefly to the subject of these moneys and the Swiss records.

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. I would like you to turn to exhibit no. 23. It is an investment management agreement between Albert Hakim and CSF Investments, Ltd.

Do you have that in front of you?

Mr. **Hakim**. Yes, sir.

Mr. **Nields**. Is that a document that you recently provided to the committees?

Mr. **Hakim**. Yes. That is correct.

Mr. **Nields**. What does this document reflect, represent?

Mr. **Hakim**. This, after having had the opportunity of reviewing all the records with you during the deposition, effectively not only represents the portion of the capital account related to me, but it also represents any other moneys that CSF could not find a name for or categorize or allocate it. So that effectively was to them known as Albert Hakim's account.

Mr. **Nields**. So this is—you've already testified about some investment management agreements relating to Albert Hakim's subaccounts. I take it this is the general Albert Hakim account; is that correct?

Mr. **Hakim**. That is correct.

Mr. **Nields**. And it covers money which CSF was investing on your behalf?

Mr. **Hakim**. That was the intention, yes.

Mr. **Nields**. When was this document executed?

Mr. **Hakim**. It appears that there's no date on this. This is very possible to have been signed sometimes much later, after the revelation, because I did sign a number of documents for CSF that were not completed and executed; therefore, their status as far as the Swiss Government was concerned was incomplete, and with the revelation, they had to have someone owning those accounts. So a number of documents were signed in my hotel room at a later date. I suppose—I cannot be certain—but I suppose this is one of those documents. So it is not dated.

Mr. **Nields**. This would be in the period approximately November, December, 1986?

Mr. **Hakim**. If it is among those documents, yes.

Mr. **Nields**. And I take it if that's the case, there was always an account in your name at CSF but you are saying this document was signed to make a record of that account, perhaps in November of 1986?

Mr. **Hakim**. That is correct.

Mr. **Nields**. I would like you to take a look at exhibit 24.

Mr. **Hakim**. I have that in front of me.

Mr. **Nields**. Is that another document you recently provided to the committees?

Mr. **Hakim**. That is also correct.

Mr. **Nields**. And is this the investment management agreement relating to the Korel Assets account?

Mr. HAKIM. Yes, sir.

Mr. NIELDS. And this would cover moneys managed by CSF for Korel Assets, I take it?

Mr. HAKIM. You are correct, sir.

Mr. NIELDS. This document bears the date September 17, 1985. Do you have any reason to believe that document was signed on any different date than that?

Mr. HAKIM. I cannot be precise about this, because on page 5, as you notice, it does not bear my signature or General Secord's signature. It has the signature of the lady responsible for CSF Investment, and where it says signature of the client, it appears to be the—in front of that phrase, it appears to be the signature of Mr. Farina. I cannot be certain, but this is what I can make out of it. Therefore, I cannot be sure about the date, if it was executed exactly then or later.

Mr. NIELDS. The question is whether you have any reason to believe that it is the wrong date?

Mr. HAKIM. I believe if we refer to the records, that should fall within the time that we started to put money in this account; therefore, if that should coincide with those commission distributions, then I have no reason to believe that this is incorrect.

Mr. NIELDS. I would like you to turn to exhibit no. 25.

Mr. HAKIM. I have that in front of me.

Mr. NIELDS. Is that also a document that you recently provided to the committees?

Mr. HAKIM. That is correct.

Mr. NIELDS. And is that an investment management agreement between SciTech Trading Group and CSF dated November 12, 1985?

Mr. HAKIM. That is correct.

Mr. NIELDS. And I will ask you to turn to exhibit no. 26. Is that another document that you recently provided to the committees?

Mr. HAKIM. That is correct, sir.

Mr. NIELDS. And is this an investment management agreement between B. Button and CSF Investments?

Mr. HAKIM. That is correct. I referred to this yesterday. I brought it to the attention of the committees that this signature is not signed. Sorry. This document has no signature. It is not signed. It is incomplete.

Mr. NIELDS. I take it B. Button stands for Bellybutton?

Mr. HAKIM. That is correct.

Mr. NIELDS. And it bears a printed date of the 22d of May, 1986?

Mr. HAKIM. That is also correct.

Mr. NIELDS. And what, if you know, is the reason why this investment—and I take it this covers the $200,000 that was placed into the Button account on the 20th of May 1986?

Mr. HAKIM. It should have, but this also doesn't have the appendix A that we have seen with the other similar fiduciary agreements. That part is also missing.

But the answer to your question is yes.

Mr. NIELDS. And if you know, why was this document not signed?

Mr. HAKIM. Because it never got off the ground, as I testified yesterday. We haven't managed to make use of this account and, therefore, it was—has remained incomplete.

Mr. NIELDS. Now, Mr. Hakim, you testified yesterday about an investment management agreement for Albert Hakim subaccount number one. That is exhibit 17. It bears the date of May 15, 1986.

My only question at this point in time is, was that to your knowledge—was that investment management agreement signed on or about May 15, 1986, as it indicates?

Mr. HAKIM. You are right, sir.

Mr. NIELDS. And then you testified about another investment management agreement which is exhibit 19, which is Albert Hakim subaccount number two, and that bears the date of the 16th of June 1986, and my only question to you at this time is was that the date on or about the date on which this was executed?

Mr. HAKIM. To the best of my recollection, that is correct, sir.

Mr. NIELDS. Now, there is one final investment management agreement which you have not yet testified about. That is exhibit number 21. It is denoted Albert Hakim subaccount number three.

It has an Appendix A which indicates that the account covers an amount of $200,000. It also bears the date of the 16th of June 1986.

My first question is whether that is the date on or about the time when it was signed?

Mr. HAKIM. I am reasonably sure that that date is correct.

Mr. NIELDS. And what, if you recall, was the purpose of Albert Hakim subaccount number three?

Mr. HAKIM. If you recall, we searched to see if we could come up with the correct explanation for this subaccount. I cannot be certain, Mr. Nields, as to what this is. The restructure of the dates and the reasoning that we followed during my deposition, I believe also that did not help us to identify exactly what this $200,000 was.

Mr. NIELDS. The answer is you are uncertain?

Mr. HAKIM. I am uncertain. That is correct.

Mr. NIELDS. You just identified seven different investment management agreements with CSF covering different entities and different amounts of money. I take it the moneys put into those—into the custody of CSF to be invested pursuant to these investment management agreements were moneys that came out of the corporate bank accounts that you set up for the Iran and Nicaraguan initiatives that you have been testifying about for the last 2 days?

Mr. HAKIM. You are correct, sir.

Mr. NIELDS. And these moneys were then put into the custody of CSF and CSF invested them for the benefit of the various entities that are covered by these agreements?

Mr. HAKIM. Yes. Which effectively is the pigeonhole enterprise, yes.

Mr. NIELDS. I should state that you have also supplied for the committees documents from CSF reflecting the current amounts of money which are being invested by CSF pursuant to each of these seven investment management agreements?

Mr. HAKIM. That is correct, sir.

Mr. NIELDS. And those are exhibits 11 through 15. You don't need to turn to them. I will simply state that for the record. And there are seven of them. They are numbered exhibits 11, 12A, 12B, 12C, 13, 14 and 15.

I would like you to turn to exhibit 16 which contains a—lists the amounts reflected by exhibits 11 through 15, the amounts of money

which are currently being managed by CSF pursuant to these various investment management agreements, and it shows that the Albert Hakim general account denominated here "Regular" currently has $254,000 in it approximately.

The subaccount 1 currently has $2,170,000 in it approximately; subaccount No. 2 has $2,093,000 in it approximately; subaccount No. 3 has $160,000 in it approximately.

The Korel Assets account has $1,578,000 approximately. The SciTech account has $193,000 approximately, and the Button account has $216,000 approximately, for a total of $6,667,000.

And I take it that is the $6.67 million currently held by CSF that you testified about yesterday?

Mr. Hakim. That's correct, sir.

Mr. Nields. And if you would turn to exhibit no. 41, do you have that in front of you?

Mr. Hakim. Yes, I do.

Mr. Nields. I will state that the lefthand column headed "Capital Distributions," to 12/4/86, shows the money coming out of the various corporate bank accounts that you testified about yesterday such as Lake Resources, which your accountants classified as distributions for the benefit of the partners. I think you testified about that.

Mr. Hakim. Yes, sir.

Mr. Nields. And that adds up to a total of $9.6 million, and that's also the figure that appears on the chart behind us as having been allocated by your accountants to the capital accounts.

Mr. Hakim. Yes, sir.

Mr. Nields. Again indicating money coming out of the corporate bank accounts which the accountants recorded as being distributions for the benefit of the partners.

Mr. Hakim. Yes, sir.

Mr. Nields. Then the middle column shows the current amount of these funds which remain with CSF and are being invested for the benefit of the partners. Do you see that?

Mr. Hakim. That's correct.

Mr. Nields. And the amount opposite your name constitutes all of the money from your accounts plus the various subaccounts?

Mr. Hakim. Yes, sir.

Mr. Nields. And then there's—underneath that is the amount for General Secord's Korel Assets account, the SciTech account and the Button account for a total of 6.667 and that's the amount that you just testified about?

Mr. Hakim. That's right.

Mr. Nields. That leaves a difference, and the difference is in the righthand column, and those are funds which were disposed of in some way other than being put in and kept in the custody of CSF for investment purposes.

Mr. Hakim. Yes, sir.

Mr. Nields. I take it, as you testified yesterday, some of that difference was distributed directly to the partners such as yourself and put in your own personal bank account.

Mr. Hakim. Yes, sir.

Mr. Nields. And some of it was distributed to third parties for operational expenses or other purposes.

Mr. **Hakim**. That's also correct.

Mr. **Nields**. Now, there is no amount indicated here for the C. Tea account. What is the reason for that?

Mr. **Hakim**. Mr. Clines always withdrew his commissions as soon as he had the chance, so it means there is no balance due to him.

I think that's the best answer I can give you. I am not aware of any other way.

Mr. **Nields**. I want to sharpen the question just to be certain, Mr. Hakim. Are you saying that none of Mr. Clines' money ever went to CSF to be invested on his behalf or are you saying that you simply don't know and they wouldn't tell you?

Mr. **Hakim**. I would say both answers would be relevant. I don't know, and if CSF did invest it for Mr. Clines, they will never tell me. They are very discreet.

Mr. **Nields**. But the best of your knowledge is that Mr. Clines' money was not given to CSF, he just took it himself?

Mr. **Hakim**. That is my best guess.

Mr. **Nields**. Now, this document of this chart, exhibit 41, also reflects that the amount in the Korel Assets account, which is being invested and managed by CSF is substantially larger than the amount that the accountants attributed to his account coming out of the various corporate bank accounts. Do you see that?

Mr. **Hakim**. That is correct, yes.

Mr. **Nields**. Do you know where this extra half a million dollars came from?

Mr. **Hakim**. Partially could be a gain in the investment, such as interest, but that would not total up to $500,000.

Mr. **Nields**. So assuming that part of the difference is made up by profitable investments, do you know where the rest of it came from?

Mr. **Hakim**. The answer is no, but probably misallocation, I don't know.

Mr. **Nields**. Now, I should state that after the proceeding yesterday, our accountants, Mr. Haller and Mr. Zanardi, brought to my attention that the documents that you provided last Sunday relating to the CSF investment management account for Korel Assets reflect that in addition to money going into that account there was in fact some money which came out of that account which appeared to have been for Mr. Secord's personal benefit, and Mr. Liman will be asking you some further questions about that I believe later on.

You testified yesterday, Mr. Hakim, that your most recent information was that the $6.67 million was currently in Toronto Dominion Securities account in London, but the records you had given us might provide a more current answer. We have reviewed those records. There is an indication that the moneys are in the custody of Merrill Lynch in London. Have you had a chance yourself to check and get even more recent information?

Mr. **Hakim**. I personally didn't have a chance, but my attorneys had the opportunity this morning to check up on that and it appears that information that you just gave is correct.

Mr. **Nields**. That the money has recently been moved and is in the custody of Merrill Lynch in London?

Mr. HAKIM. I don't know when it was moved, but at this time it is with Merrill Lynch in London.

Mr. NIELDS. And this is money, I take it, which is still being managed by CSF Investments?

Mr. HAKIM. Yes. And if it has been moved recently, probably CSF is doing their job. They could get a better return on it and that is why they moved it.

Mr. NIELDS. Mr. Hakim, I would like to turn to exhibit no. 27. Do you have that in front of you?

Mr. HAKIM. Yes, sir.

Mr. NIELDS. I will ask you to turn to the second page of the exhibit. Do you have that in front of you?

Mr. HAKIM. I do.

Mr. NIELDS. And is that one of the documents that you provided to the committees sometime ago?

Mr. HAKIM. That is correct.

Mr. NIELDS. Do you recognize the handwriting on this document?

Mr. HAKIM. It appears to be Mr. Zucker's handwriting.

Mr. NIELDS. Do you see there is the initials W.Z. at the bottom of the page.

Is that, to the best of your knowledge, the initials of Willard Zucker?

Mr. HAKIM. Yes, sir.

Mr. NIELDS. You will see on this document there is a reference to Mrs. Bellybutton.

Mr. HAKIM. Yes, I do.

Mr. NIELDS. I take it that—who would that be a reference to?

Mr. HAKIM. I would refer that to Mrs. North.

Mr. NIELDS. There is also a reference to an amount of $15,000.

Mr. HAKIM. At the bottom of that structure, yes.

Mr. NIELDS. Do you know what that is a reference to?

Mr. HAKIM. I don't know. I can only speculate.

Mr. NIELDS. You have no recollection of what this document relates to?

Mr. HAKIM. No sir, I don't know.

Mr. NIELDS. I note that it says R.V. Secord in a box towards the upper lefthand corner and the words "small fee" after it. What do those refer to?

Mr. HAKIM. I do not know that either, sir.

Mr. NIELDS. There is the name STTGI wire at the top of the page again with $15,000 and an arrow next to it.

Mr. HAKIM. I don't have any knowledge of that either.

Mr. NIELDS. Then there is a bank account at First American Bank of Virginia in McLean, with the letters STTGI right above it. What does that refer to?

Mr. HAKIM. I believe during the deposition we identified that to be the STTGI bank account.

Mr. NIELDS. Now, the question that I must ask you, Mr. Hakim, is whether—I should say that this appears to relate to other documents that are attached, dated in early May 1986, showing transfers of approximately $15,000 to the First American Bank of Virginia, from CSF—and my question to you is whether to your recollection, there was ever a time when $15,000 was transferred from

Switzerland eventually into the STTGI bank account in Virginia for the benefit of Mrs. North?

Mr. HAKIM. I do not have such information, and I find it irregular such a thing would happen.

Mr. NIELDS. So you are saying you believe it did not happen?

Mr. HAKIM. Yes, sir.

Mr. NIELDS. Mr. Chairman, I have no further questions.

Chairman INOUYE. Mr. Van Cleve.

Mr. VAN CLEVE. Mr. Hakim, good afternoon.

Mr. HAKIM. Good afternoon, sir.

Mr. VAN CLEVE. I would like to start this afternoon by establishing a few additional facts about your background for the benefit of the committee, if I might.

Mr. HAKIM. Please.

Mr. VAN CLEVE. You testified yesterday that you attended your senior year of high school in San Luis Obispo, California; is that correct?

Mr. HAKIM. That is correct.

Mr. VAN CLEVE. You then went on to California State Polytechnical College, correct?

Mr. HAKIM. That is correct.

Mr. VAN CLEVE. Your training there was in electronics, if I am not mistaken; is that correct?

Mr. HAKIM. You are correct.

Mr. VAN CLEVE. You testified at your deposition the business that you established in Iran, which you called Multicorp, included an electronics equipment calibration center; is that correct?

Mr. HAKIM. Also, yes.

Mr. VAN CLEVE. And the general nature of that business was highly technical?

Mr. HAKIM. Very much so.

Mr. VAN CLEVE. You also testified—and I am quoting here—"I have for all my professional life been working in the area of high technology." Is that correct?

Mr. HAKIM. That is correct, sir.

Mr. VAN CLEVE. Some time after 1973, you formed Stanford Technology Corporation of the United States as a wholly owned subsidiary of Stanford Technology, SA; is that correct?

Mr. HAKIM. That is correct, sir.

Mr. VAN CLEVE. And the principal business of Stanford Technology United States was systems, specifically communications and intelligence collection systems; is that correct?

Mr. HAKIM. At that time, yes.

Mr. VAN CLEVE. And is it correct to describe those intelligence collection systems as including receiving stations, receivers covering a wide spectrum of frequencies which use computers and tape recorders to capture transmissions and record them and then give that capability to the client or the customer?

Would that be a fair general description?

Mr. HAKIM. For interpretation of the information received, yes.

Mr. VAN CLEVE. Am I correct that you also purchased through Stanford Technology United States the facilities of a company referred to as International Imaging Systems?

Mr. HAKIM. That is correct.

Mr. VAN CLEVE. And that company had been engaged in image processing; is that correct?

Mr. HAKIM. That is correct.

Mr. VAN CLEVE. And is it correct that image processing as it is used in this context employs a computerized electronic facility that interprets aerial photography?

Mr. HAKIM. That is correct.

Mr. VAN CLEVE. And is it also correct that these aerial-photos are fed into this image processing and through coloring and enhancement give you an interpretation of the photos?

Mr. HAKIM. That is the area of image processing we discussed during the deposition, but it is not limited to that.

Mr. VAN CLEVE. I understand that.

You indicated there were a range of clients that could use image processing. I think you mentioned agriculture and various forms of science; is that correct?

Mr. HAKIM. Medicine and so on, yes.

Mr. VAN CLEVE. Would it be fair to describe image processing also as a form of intelligence collection system? Would it have that application?

Mr. HAKIM. Yes. You could reach that conclusion.

Mr. VAN CLEVE. I believe you testified that you sold International Imaging Systems for $3 million in the early 1980s; is that correct?

Mr. HAKIM. Yes, sir.

Mr. VAN CLEVE. Now, I am going to change subjects slightly and ask you about your knowledge of certain individuals——

Mr. HAKIM. Please.

Mr. VAN CLEVE. —again, by way of establishing additional background information.

When did you first meet Yaakov Nimrodi?

Mr. HAKIM. It was in Iran. I believe during the time that I was with Telecom, Ltd. My best guess would be sometime in mid-1965.

Mr. VAN CLEVE. And in what connection, did you say?

Mr. HAKIM. At a time Telecom, Ltd. represented Motorola, and about the same time Motorola established a joint venture and manufacturing capability in Israel. Iran was then assigned to Israel for their needs.

Mr. Nimrodi was with the Israeli Embassy at that time, and one of the functions that he performed was to promote Israeli products, and it was in connection with Motorola that I came to meet Mr. Nimrodi.

Mr. VAN CLEVE. Would it be fair to say, then, you have known Mr. Nimrodi for many years and that you are familiar with his method of business operations?

Mr. HAKIM. That's correct.

Mr. VAN CLEVE. When did you first meet Manucher Ghorbanifar?

Chairman INOUYE. Before you proceed, I would like to announce that the House is now conducting a vote. This accounts for the absence of the House panel members.

Please proceed.

Mr. VAN CLEVE. Thank you, Mr. Chairman.

When did you first meet Manucher Ghorbanifar?

Mr. **Hakim**. I believe the first time I met him was right after or about the same time that a new company that he had formed, or it was caused to be formed for him to operate from, and to the best of my recollection, the name of that company, which had to do with shipping and forwarding, was Star Line.

Mr. **Van Cleve**. About when would this have been?

Mr. **Hakim**. Oh, I would say sometime between, early—1970, 1972 and 1974.

Mr. **Van Cleve**. It would be fair to say you have known Mr. Ghorbanifar for many years and you are familiar with his method of business operation; is that correct?

Mr. **Hakim**. Not in the same manner that I came to learn about Mr. Nimrodi. I met Mr. Ghorbanifar but my knowledge about the method of him running his business was through other sources.

Mr. **Van Cleve**. Fair enough.

You testified that your first involvement with the Iranian initiative came when General Secord asked you to locate a man named Ghorbanifar in Paris; is that correct?

I am changing subjects a little bit. I am going to change into the Iranian initiative.

Mr. **Hakim**. I understand.

Yes, that was prior to my participation in early 1986, yes.

Mr. **Van Cleve**. But he asked you to locate a certain man named Ghorbanifar, correct?

Mr. **Hakim**. Well, he apparently had a bunch of telephone numbers for Mr. Ghorbanifar and, as he came to lose him and didn't have the possibility of locating him, he asked me to search for him, using the numbers he gave me.

Mr. **Van Cleve**. And you then asked him if he was referring to Manucher Ghorbanifar; is that correct?

Mr. **Hakim**. Yes. By then—earlier we had discussed Mr. Ghorbanifar. He told me that he could not be the same person, but by then——

Mr. **Van Cleve**. That is the point I want to get to. Did you tell Mr. Secord at that time, in substance, that if he was talking about Manucher Ghorbanifar, you did know him?

Mr. **Hakim**. Yes.

Mr. **Van Cleve**. And did you tell him also that he was a former SAVAK agent who had been recruited by the Israelis?

Mr. **Hakim**. I believe by then they had established that fact themselves.

Mr. **Van Cleve**. And what was General Secord's response when you told him that, if you recall? Did he tell you, no, it could not be the same person that he was interested in?

Mr. **Hakim**. There was a time—I think it was a much earlier time—when he mentioned Mr. Ghorbanifar's name to me, and I told him I knew a Manucher Ghorbanifar. With the description I gave him, at that time he told me, no, it cannot be the same person.

Mr. **Van Cleve**. No, it cannot be the same person?

Mr. **Hakim**. It could very well be the motivation, knowing General Secord, probably at that time he didn't have authorization to cut me in that far.

Mr. VAN CLEVE. I would like to ask you a couple questions about your participation in the February 1986 meeting where you served as translator. I believe you testified that you eventually translated at the meeting because Mr. Ghorbanifar was not providing accurate translation; is that correct?

Mr. HAKIM. That's correct.

Mr. VAN CLEVE. And you also testified that the two sides of the meeting were not communicating; is that correct?

Mr. HAKIM. That's correct.

Mr. VAN CLEVE. And the reason for that was that the U.S. representative was discussing the long-range strategic issues in the relationship, correct?

Mr. HAKIM. And also removal of the so-called obstacles referring to the hostages, yes.

Mr. VAN CLEVE. But at the same time, the Iranian representative appeared to be principally interested in what he referred to as Volkswagens; is that correct?

Mr. HAKIM. Yes, referring to weapons.

Mr. VAN CLEVE. And you then told us, the committee, yesterday about a conversation that you had in the hallway afterwards with the Iranian representative, and what I wanted to ask you is: What conclusion did you draw from that conversation and from the fact that Ghorbanifar was the middleman? What conclusion did you draw about the value of this channel to the United States?

Mr. HAKIM. It confirmed my earlier assessment I had even prior to the start of the meetings, after they briefed me during the time that General Secord, Colonel North and the CIA official, and another gentleman they were present—I indicated to them that I am very pessimistic that this thing would be positive.

Mr. VAN CLEVE. If I might interrupt briefly, that was because you already knew some of the people who were involved, didn't you?

Mr. HAKIM. I knew all of them.

Mr. VAN CLEVE. You knew all of them. And you knew what their past history was and you knew their method of operation.

Mr. HAKIM. Very much so.

Mr. VAN CLEVE. And you didn't think this was going to be a successful way of establishing a strategic relationship with Iran, did you?

Mr. HAKIM. That was my definite conclusion. I was very sure it was the wrong way to go.

Mr. VAN CLEVE. After the meeting which you say confirmed that opinion of yours, did you tell the American representatives of your conclusion?

Mr. HAKIM. I believe there was an evolution. I believe Colonel North started to slowly but surely focus on my opinion on Iran. At the beginning they simply looked upon me as a businessman, but when I started to make various predictions and assessments and judgments and they turned out to be correct, they started to pay a little bit more attention to it.

Mr. VAN CLEVE. You testified at your deposition that there was a sharp difference between the participants in the first channel and the participants in the second channel. Please tell the committee, in your view, what the difference between those two channels was.

Mr. **Hakim**. The second channel was more sincere. They were more devoted. They knew what they wanted. They understood that their relationship should not be limited to the United States supplying only arms. They were interested in a long-term relationship.

They did not turn the discussions to go in the manner that there would be any indication that there is personal financial interest for the officials. It was just the difference between day and night.

Mr. **Van Cleve**. The difference between day and night.

I have a couple of questions about your participation in the planning for the Tehran trip. You participated in the negotiations between February and May which led up to that trip, correct?

Mr. **Hakim**. Well, I did not have any say-so about the trip. As a matter of fact, I was against it. But that is beside the point.

I did not have—I understand your question to mean that I participated in a—I had effectiveness in making that decision. I did not participate in such——

Mr. **Van Cleve**. I did not intend to imply that. I think perhaps it would be better to say that you assisted the participants in the negotiation. You spoke for example.

Mr. **Hakim**. That is right.

Mr. **Van Cleve**. Did the United States ever agree, to your knowledge, to bring a specific percentage such as 50 percent of the HAWK spare parts to Tehran when Mr. McFarlane went to Tehran?

Mr. **Hakim**. I don't believe it was agreed as to the percentage. To the best of my recollection, it was a function of how much they could load the plane, taking everything else into consideration, how much—it was meant to take as much as they could, but not giving them everything that they wanted to show a token of seriousness.

Mr. **Van Cleve**. Did the Iranian side ever agree, to your knowledge, to release all of the remaining hostages either prior to or at the beginning of the McFarlane trip to Tehran?

Mr. **Hakim**. To the best of my recollection, there was never any discussion, especially during the time that I spoke with the first channel. There was an understanding that all the hostages would be released.

I really—from the part of the information that I had any contact with, I cannot recall any time that was spoken that all hostages would be released. That must have been a misconception by someone at sometime somewhere.

Mr. **Van Cleve**. I have just a couple of additional questions, Mr. Hakim, and they relate to exhibit 22. Would you please turn to that?

Mr. **Hakim**. Yes, sir.

Mr. **Van Cleve**. You testified in response to questions by Mr. Nields that this proposal, the seven-point proposal was prepared during a meeting that was held between the second channel representatives and Colonel North if I am not mistaken; is that correct?

Mr. **Hakim**. I don't believe I said during the meeting. I said it was made available for discussion at that meeting. I don't know when it was prepared.

Mr. **Van Cleve**. This meeting would have been in late September, early October of 1986, if I have got the dates correct.

Mr. Hakim. I really cannot—definitely not in September. It was one of the October meetings.

Mr. Van Cleve. The first point says, U.S. proposal, Iran provides funds for 500 TOWs and remainder of HAWK parts. Now, did that mean that Iran was supposed to provide additional money for HAWK parts?

Mr. Hakim. That was my understanding.

Mr. Van Cleve. And do you know how much money?

Mr. Hakim. I can't recall, no.

Mr. Van Cleve. Looking at point six, and this is a sequence of events obviously. It begins "Iran will then—", and it says, "release—", and I think that word is pattis, p-a-t-t-i-s.

Mr. Hakim. Yes.

Mr. Van Cleve. The second point is "return body of Buckley."

Mr. Hakim. Yes.

Mr. Van Cleve. And the third point is "provide copy of Buckley debrief."

Mr. Hakim. Yes, sir.

Mr. Van Cleve. Can you tell me what the discussion at the meeting was concerning those last two points?

Mr. Hakim. Colonel North was very much interested to achieve these objectives, and again this was another issue that led to the failure of our meeting.

Mr. Van Cleve. Why was that? Was there resistance on this issue from the Iranian side?

Mr. Hakim. No. That was not the conclusion that I came to. It was the position that this gentleman took that I testified earlier. He was very honest. He didn't try to mislead us. He did not want to promise more than what he could deliver.

And he said that the way things stand, he is not going to be able to do this for the United States unless the United States could do something for the Lebanese.

The heart of the failure of the meeting was that the Iranians were taking the position that they had drawn from their resources as much as they could. The attitude of the Kuwaiti—sorry, the Lebanese was that they were giving assistance to Iran and Iran was benefiting, but the Lebanese did not gain anything out of this and it was about time for the United States to do something for the Lebanese. And that is why the question of the 17 prisoners, and so on.

So the reason was not the resistance; the reason was that this man did not want to promise something that he could not deliver.

Mr. Van Cleve. Tell the committee, if you will, what the Buckley debrief refers to.

Mr. Hakim. It refers to what was understood to be several hundred pages of debriefing that was obtained by the captors of the CIA Chief of Station in Lebanon, Mr. Buckley. It refers to that, and this was a very touchy issue.

I am sure that once we start talking more about the second channel, we will see why this was very touchy about that.

Mr. Van Cleve. Do you know the circumstances under which those debriefing notes were obtained?

Mr. **Hakim**. No. These—well, it was—it was a known secret that the debriefings were obtained under torturing Mr. Buckley, but it was not a subject that we discussed during the meeting.

Mr. **Van Cleve**. I have no further questions, Mr. Chairman.

Thank you, Mr. Hakim.

Chairman **Inouye**. Chairman Hamilton?

Chairman **Hamilton**. Mr. Chairman, I understand you are going to call a recess now and the House Select Committee will have an important meeting in room SR301 immediately.

Chairman **Inouye**. The hearing will stand in recess subject to the call of the chair.

[Recess.]

Chairman **Inouye**. The hearing will please come to order.

The Chair recognizes Chairman Hamilton for a very special announcement.

Chairman **Hamilton**. Thank you very much, Mr. Chairman.

As you know, the House and Senate Select Committees have voted today to seek an immunity order from the court to compel the testimony of Colonel North. The committees agreed that they will not take Lt. Col. North's testimony in private before June 15th. The committees will vote later on whether to compel Lt. Col. North's testimony in public.

In any event, Lt. Col. North's testimony in public would not be taken before July 16th. Members will recall that in the March agreement with Judge Walsh, the committees pledged not to take Colonel North's testimony before June 23d. Under this new schedule that I have just announced, Judge Walsh will have at least 3 more weeks before he would have to seal evidence concerning Colonel North in his investigation.

Thank you, Mr. Chairman.

Chairman **Inouye**. Mr. Liman.

Mr. **Liman**. Thank you, Mr. Chairman.

Mr. Hakim, you began your business career in Iran, is that correct?

Mr. **Hakim**. That is correct, sir.

Mr. **Liman**. And you spent most of your business career there?

Mr. **Hakim**. I did most of my business with Iran.

Mr. **Liman**. And you, as a businessman operating there and doing business with Iran, you operated by the customs and practices of that country. Is that so?

Mr. **Hakim**. That is correct.

Mr. **Liman**. And is it also so that one of the practices there is baksheesh?

Mr. **Hakim**. It certainly was. I have been away from the country since the revolution.

Mr. **Liman**. When you operated there, is it a fact that baksheesh was a practice?

Mr. **Hakim**. Yes, it was.

Mr. **Liman**. And baksheesh involved giving kickbacks or payoffs to government officials, is that so?

Mr. **Hakim**. Entitlement, yes.

Mr. **Liman**. The government officials considered it their entitlement, correct?

Mr. **Hakim**. Everybody did.

Mr. LIMAN. And the person who gave the payoff considered it a blessing, I think you have said before. It was a——

Mr. HAKIM. It was not considered as something unethical.

Mr. LIMAN. Indeed, payoffs were an accepted part of the business life in Iran. Is that so?

Mr. HAKIM. It was then, yes.

Mr. LIMAN. And if you didn't do it you couldn't get things done?

Mr. HAKIM. Generally speaking, you are correct, sir.

Mr. LIMAN. Now, in your business career, you engaged in that practice?

Mr. HAKIM. Only dealing under those circumstances.

Mr. LIMAN. And that included making payoffs to officials in Iran, including generals, is that correct?

Mr. HAKIM. That is correct, sir.

Mr. LIMAN. And in doing this did you from time to time use Swiss accounts to accomplish that?

Mr. HAKIM. That is correct.

Mr. LIMAN. And is it a fact that you would put money in Swiss accounts in names other than that of the recipients?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And you would in effect hold the money for them in a secret way?

Mr. HAKIM. Yes.

Mr. LIMAN. And is it also a fact that you operated on the basis of trust, without written agreements, in holding money?

Mr. HAKIM. In connection with the Iranians, yes.

Mr. LIMAN. And so you would deposit money in an account in Switzerland that you controlled for the benefit of the Iranians, am I correct?

Mr. HAKIM. That is correct.

Mr. LIMAN. There wouldn't be a written agreement, am I correct?

Mr. HAKIM. You said there would not?

Mr. LIMAN. Would not be a written agreement, am I correct?

Mr. HAKIM. That is correct.

Mr. LIMAN. The money would not be in that official's name, is that correct?

Mr. HAKIM. That is also correct.

Mr. LIMAN. And if the official wanted the money he could count on you to disburse it as he wished?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And indeed, part of the secret of your success was that you had a reputation for trust and confidence in that sense?

Mr. HAKIM. Partly.

Mr. LIMAN. Now, is it a fact that you developed some—you applied some of the expertise that you had developed in Iran with respect to Swiss banks in the way you handled the money here?

Mr. HAKIM. What do you mean here, Mr. Liman?

Mr. LIMAN. Well, for example, you kept money for General Secord in a Swiss account, correct?

Mr. HAKIM. When you say here, you mean you are referring to the Iran-Contra——

Mr. LIMAN. That is right.

Mr. HAKIM. —activities.

Excluding the expertise that related to Iran.

Mr. **Liman**. Well, did you keep money for General Secord in an account that was not in his name?

Mr. **Hakim**. That is correct.

Mr. **Liman**. And that was the same technique that you had used for officials in Iran, correct?

Mr. **Hakim**. That is correct.

Mr. **Liman**. And in fact, you recommended to General Secord, you testified yesterday, that the money not be in his name. Is that so?

Mr. **Hakim**. That is so.

Mr. **Liman**. And you didn't have a written agreement with General Secord with respect to your holding that money?

Mr. **Hakim**. Well, actually, when we started, I was not holding the money. CSF was.

Mr. **Liman**. But it was——

Mr. **Hakim**. There was no agreement.

Mr. **Liman**. But there was no agreement?

Mr. **Hakim**. Between General Secord——

Mr. **Liman**. He was looking to you to disburse the money in accordance with his instructions?

Mr. **Hakim**. It was a bit more than that. He trusted my description of CSF.

Mr. **Liman**. He trusted the fact the money would be there for him, correct?

Mr. **Hakim**. Yes.

Mr. **Liman**. Let's turn now to the Button account. In the case of the Button account, as I understand your testimony, you set up an account in the amount of $200,000; is that correct?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. And you set up that account some time before Colonel North left for Tehran; is that not so?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. And you originally proposed that the account be $500,000? Is that so?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. And you proposed that to General Secord.

Mr. **Hakim**. To the best of my recollection, yes.

Mr. **Liman**. And is it also correct that General Secord told you that $500,000 was too much?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. And is it a fact that you then decided on $200,000?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. And is it a fact that General Secord agreed to $200,000 to be set up in this account?

Mr. **Hakim**. By not disagreeing, he agreed, yes.

Mr. **Liman**. And is it a fact that you told General Secord that the moneys were being set aside for the benefit of the North family?

Mr. **Hakim**. In the manner that I testified, yes.

Mr. **Liman**. And in the manner that you testified meant that the money would be available for educational purposes of the North family?

Mr. **Hakim**. Yes, yes.

Mr. **Liman**. And would be available in the event of Colonel North's death on the Tehran mission?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. Now, is it a fact that after Colonel North returned from Tehran that you kept that money set aside?

Mr. **Hakim**. In the same pigeonhole system, sir.

Mr. **Liman**. When you say "pigeonhole system," you mean that the money was allocated on the books of CSF to this account, correct?

Mr. **Hakim**. Yes, it was.

Mr. **Liman**. And it was allocated for the benefit of the North family, correct?

Mr. **Hakim**. When we started, yes.

Mr. **Liman**. Now, you say when you started. Did there come a time when you decided that the money should not be held for the benefit of the North family?

Mr. **Hakim**. No, I didn't.

Mr. **Liman**. So, it was held for the benefit of the North family from the time you created the account until the very end, correct?

Mr. **Hakim**. Until this whole activity was revealed, yes.

Mr. **Liman**. Until the activity was revealed and the moneys were frozen, right?

Mr. **Hakim**. That is correct.

Mr. **Liman**. Now, as I understand your testimony, you said that you set this account up because—and I quote from yesterday—"because you became emotionally very attached to Ollie," and you still are, "and I really love this man."

Do you remember that?

Mr. **Hakim**. Yes. I really would like to elaborate on that, Mr. Liman if I can.

Mr. **Liman**. I will let you, but I would like you to answer some questions first.

Mr. **Hakim**. The answer is yes.

Mr. **Liman**. The account was set up in May; is that so?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. Is it a fact that you met Colonel North for the first time in the end of February?

Mr. **Hakim**. Yes. I also testified that I got to learn about him through General Secord prior to that time.

Mr. **Liman**. Is it a fact that the first time you met him was the end of February?

Mr. **Hakim**. Yes.

Mr. **Liman**. Is it a fact that you had very little personal contact with him between the time that you met him in Frankfurt in the end of February and the time you set up this account?

Mr. **Hakim**. You are correct, sir.

Mr. **Liman**. So, would it be a fair description, to use your term of "love," that this was love at first sight?

Mr. **Hakim**. You are incorrect on that, sir.

Mr. **Liman**. And now you can give your explanation.

Mr. **Hakim**. Through the description of General Secord, I learned about a man that I was very anxious to meet, and the fact that it took until late February to meet him, it was a disappointment to me.

And when I met him I discovered that the description of General Secord of Colonel North was accurate. I came to learn about the man even during this February meeting in Frankfurt—that he works around the clock, he doesn't care about when he eats or he does eat or doesn't eat.

I saw a man dissipating so much love for his country and his associates that the radiation of that love—it really immediately penetrated through my system. I saw so much sincerity, so—I was acclimated, Mr. Liman, for this encounter. So, when I saw what I saw, it fell quite in line with what I had heard.

Mr. LIMAN. Mr. Hakim, do you normally set up accounts for workaholics?

Mr. HAKIM. I set up accounts for anyone that falls within my financial and commercial network, and if it's necessary to set up such accounts.

Mr. LIMAN. Did you consider Colonel North to be within your financial and commercial network and necessary to set up such accounts?

Mr. HAKIM. I considered being asked to structure such an organization. I understood that basically that was my mission, to create the structure that would satisfy a commercial covert activity.

Mr. LIMAN. Was it your understanding that commercial covert activities normally have accounts set aside for the families of their operatives?

Mr. HAKIM. You are asking a general question?

Mr. LIMAN. Had you ever set aside an account before for someone as a matter of just your own volition as opposed to prearrangement?

Mr. HAKIM. Mr. Liman, I never operated a covert activity prior to this.

Mr. LIMAN. Have you made available your tax returns to us?

Mr. HAKIM. I believe so.

Mr. LIMAN. Without embarrassing you, it's a fact your list of charitable contributions is not a very long one. Is that fair to say?

Mr. HAKIM. I would say it's not reflected there.

Mr. LIMAN. In any event, do you recall that the first time that you looked at the records and you saw this Button account, you were asked by us what it was for?

Mr. HAKIM. I recall that.

Mr. LIMAN. Do you recall that at that time you said it was set-aside for death benefits for pilots?

Mr. HAKIM. I recall saying that there was a setaside for the pilots, and yesterday, or it could have been today, when we referred to subaccount 3, I believe, if I'm not mistaken, for the amount of 200, and during the deposition we came across at least three setasides, I believe, for 200,000 and one for 250, and during the few days of deposition we were not able to identify if the set-aside, the death benefit setaside for the Contras was the one at the later date changed around for the use of Button account or a separate account was established.

Mr. LIMAN. Is what you are saying that as you reviewed the records, you reached the conclusion that the account that was originally set aside for the pilots may have been the one that was later set aside for North? Is that what you are saying?

Mr. Hakim. I'm saying that this was one of the possibilities we discussed during the deposition, and to this date, except the firm evidence that we have in connection with the documents that we have produced to you, we have not been sure about how these $200,000 accounts were set aside.

Mr. Liman. Well, under interrogation by Mr. Nields and others, and looking at the records at your deposition, you at some point acknowledged that this was set aside for Colonel North, correct?

Mr. Hakim. You are correct, sir.

Mr. Liman. And, indeed, you testified to that fact before we knew it from another source.

Mr. Hakim. That is correct.

Mr. Liman. Or any other source. I don't mean to imply we know it from other sources.

Mr. Hakim. I don't know what you know or what you don't know. I told the truth.

Mr. Liman. Is it a fact that this money was set aside for Colonel North's family, or is this something that you are just saying for the purpose of trying to provide assistance?

Mr. Hakim. This was set aside for the purpose of the education of Colonel North's child, as I have already testified.

Mr. Liman. And it was set aside after discussion with General Secord?

Mr. Hakim. Yes.

Mr. Liman. And if General Secord were to deny that, that would not be truthful?

Mr. Hakim. That's correct.

Mr. Liman. And General Secord is still your partner?

Mr. Hakim. He is.

Mr. Liman. Now, you said that you made various efforts to pass money to the North family, in particular Mrs. North, out of the 200,000; is that correct?

Mr. Hakim. We searched for a way to do that properly.

Mr. Liman. And you instructed Mr. Zucker to contact Mrs. North to see if he could find a way of transferring the money to her, correct?

Mr. Hakim. Yes, sir.

Mr. Liman. And you asked Zucker to find a way to transfer it so that it wouldn't show; is that so?

Mr. Hakim. It would be proper. So it would be proper.

Mr. Liman. So that it would be proper and would not show?

Mr. Hakim. Well, we didn't focus on not showing or showing. We were looking for a legal, proper way of doing it. It didn't matter whether it showed or it didn't.

Mr. Liman. Well, one legal, proper—one direct way of doing it—let me put it this way—is to just write out a check, correct?

Mr. Hakim. I don't know whether that's legal to do.

Mr. Liman. So what you thought, was that the way to do it was to try to find a relative of Mrs. North to whom the money could be passed. Isn't that what was suggested?

Mr. Hakim. This was one of the avenues we pursued.

Mr. Liman. And you considered that to be proper; is that what you are telling us?

Mr. Hakim. I'm saying that we were studying it, Mr. Liman.

Mr. LIMAN. Well, you went beyond studying it; you actually sent Mr. Zucker to speak to Mrs. North, correct?

Mr. HAKIM. For the purpose of studying it.

Mr. LIMAN. Well, did you instruct——

Mr. HAKIM. We didn't carry a check.

Mr. LIMAN. Did you instruct Mr. Zucker to contact Mrs. North?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. Did you tell Mr. Zucker not to disclose that you were behind it?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. Did you tell Mr. Zucker to say that he was calling on behalf of a certain person who admires her husband and wishes to help out with the university and education of the children?

Mr. HAKIM. I believe so. Words to that effect.

Mr. LIMAN. Now, let me see how you envisioned this plan of passing the money to work.

You gave Mr. Zucker North's home number; is that so?

Mr. HAKIM. That's right.

Mr. LIMAN. So you contemplated that Zucker would call Mrs. North in Virginia?

Mr. HAKIM. Yes.

Mr. LIMAN. And you contemplated that Zucker would say, Mrs. North, I represent an anonymous admirer of your husband, correct?

Mr. HAKIM. I don't know how he exactly handled it.

Mr. LIMAN. Let's take it the next step, then.

And he would say to Mrs. North, guess what, I want to help out financially with some of the needs of the family, or something to that effect. You would agree?

Mr. HAKIM. I was not present in the meeting. I don't know how Mr. Zucker handled it.

Mr. LIMAN. But you instructed him not to reveal that it was you who was going to be making the payment.

Mr. HAKIM. That's correct.

Mr. LIMAN. So he would have had to say, if he carried out your instructions, that I am acting on behalf of someone who admires your husband but I can't tell you who.

Mr. HAKIM. That was his instructions.

Mr. LIMAN. And then he, under the plan, was to ask her to travel to Philadelphia to meet him?

Mr. HAKIM. I don't know whether it was his plan or not. I did not scheme up the method he should do it. I gave him the—effectively, I engaged a lawyer, an American lawyer at that, to check the legality of this and see how he does it, and I left it up to him to handle it.

Mr. LIMAN. Did you instruct him to meet with Mrs. North?

Mr. HAKIM. I instructed him to call Mrs. North and take it from there, the way he sees it fit.

Mr. LIMAN. Did he tell you that he was going to meet with Mrs. North?

Mr. HAKIM. Yes.

Mr. LIMAN. And Mr. Zucker was known by name to Colonel North, correct?

Mr. HAKIM. I'm sure he was, yes.

Mr. LIMAN. You testified to that.

Mr. HAKIM. Yes.

Mr. LIMAN. So you contemplated that if your plan was to be a success about this anonymous gift, that Mrs. North would not tell her husband that Zucker called, right?

Mr. HAKIM. I cannot speak for Mrs. North.

Mr. LIMAN. Well, but it was your plan that you should be kept anonymous, right?

Mr. HAKIM. Yes.

Mr. LIMAN. Zucker was connected with you, correct?

Mr. HAKIM. Zucker was connected with me. I don't know whether he mentioned that he was connected to me or even mentioned his own name.

Mr. LIMAN. Well, how many clients of Zucker in Switzerland do you think that Colonel North knew besides you and Secord?

Mr. HAKIM. I have no idea. I don't think he would know any of them.

Mr. LIMAN. So that under your plan, if your instructions were to be carried out, you contemplated that Colonel North would not ask his wife who called and Mrs. North would not tell her husband that it was Zucker.

Mr. HAKIM. I don't even know if Mr. Zucker gave his own real name. I have no idea how he introduced himself.

Mr. LIMAN. So that Zucker had, under your instructions, might even have used a code name or pseudonym.

Mr. HAKIM. I did not tell him how to handle it. I gave him the intent, the plan. I said I want to help find a way to do it and he started to investigate.

Mr. LIMAN. And you understood from what Mr. Zucker told you that when he was going to meet with Mrs. North he was going to start inquiring about the family tree?

Mr. HAKIM. The family structure.

Mr. LIMAN. And by "family structure," you mean the relatives; correct?

Mr. HAKIM. That is correct, sir.

Mr. LIMAN. Parents, grandparents, sisters, brothers, people to whom you could pass money to anonymously.

Mr. HAKIM. If that had been proper, yes.

Mr. LIMAN. Well, he was asking her about the names of people. That is what you have testified. Relatives.

Mr. HAKIM. His function, Mr. Zucker, was to examine and see if he could find a proper way of assisting with the North family.

Mr. LIMAN. The point that I obviously am pressing you on, Mr. Hakim, is that this story that Colonel North was not going to know who was offering to provide money to the family is pretty preposterous, isn't it?

Mr. HAKIM. Well, I wouldn't go that far, Mr. Liman.

We have not in the examination that you are conducting focused on a very important element, and the discussion of myself with General Secord. The direction that your questioning is taking is eliminating the double direction of my strategy, which one direction was to General Secord and another direction was towards Mr. Zucker.

Mr. **LIMAN**. The reason I didn't mention it was because you didn't mention that other part of your strategy yesterday. So why don't you tell us about that.

Mr. **JANIS**. I think he did mention it, Mr. Liman.

Mr. **HAKIM**. I definitely brought that subject up. There was no focus on it.

Mr. **LIMAN**. You brought the subject up with General Secord?

Mr. **HAKIM**. Yes, sir.

Mr. **LIMAN**. What did you tell him?

Mr. **JANIS**. He also brought it up in his testimony yesterday.

Mr. **LIMAN**. What did you tell him?

Mr. **HAKIM**. I told him that I intended to help with the education of Colonel North's child. I told him that I am going to have Mr. Zucker examine this. I told him I will be giving the telephone number of Mrs. North to Mr. Zucker and I am going to leave it up to him to come up, if possible, with a method that we can achieve our objective.

Mr. **LIMAN**. And when you testified yesterday at page 101 that it is very possible, those were your words, that Colonel North would not have known who was behind this arrangement in contacting his wife and so forth, that was really an over-statement, wasn't it?

Mr. **HAKIM**. If everything would have been done as I was hoping to be done, that would not have been an over-statement.

Mr. **LIMAN**. But is it a fact that you regarded it as inconceivable that Colonel North would not have known?

Mr. **HAKIM**. I probably depended too much on the genius of Mr. Zucker.

Mr. **LIMAN**. Did you testify at your deposition in the last session at page 70 that it was inconceivable?

Mr. **JANIS**. Can we see the transcript?

Mr. **LIMAN**. I thought you had your transcripts.

Mr. **JANIS**. We do not have our transcripts.

Which page Mr. Liman?

Mr. **LIMAN**. The transcript should be numbered No. 5, page 70. It is "Monday's."

Mr. **JANIS**. Which day?

Mr. **LIMAN**. Monday.

Mr. **JANIS**. We don't have the transcript. It is not on page 70 of Monday's transcript.

Mr. **LIMAN**. Look at four.

Mr. **JANIS**. Which day was that, Mr. Liman?

Mr. **LIMAN**. Four.

Mr. **WECHSLER**. Which day?

Mr. **LIMAN**. Sunday.

Mr. **JANIS**. Which page, again, please? Seventy?

Mr. **LIMAN**. Pages 70, 71.

Mr. **JANIS**. Did you say page 70?

Mr. **LIMAN**. Seventy on the day of May 31. Do you have that?

Mr. **JANIS**. No.

Mr. **LIMAN**. Well, you should.

Mr. **JANIS**. I believe, Mr. Liman we were never provided a copy of this transcript. Notwithstanding the fact we were all present when Mr. Hakim testified, we were told that the transcript was classified.

Mr. LIMAN. That is an interesting subject because——

Mr. JANIS. I don't think we have that transcript.

Mr. LIMAN. Mr. Hakim was testifying about matters that he did at the request of Colonel North and General Secord, am I correct? That is what you were testifying to basically in these depositions. And yet, because you never had a security clearance, we couldn't give you even your own transcript of what you were testifying to. That is so, isn't it?

Mr. JANIS. That is correct. I will answer the question.

We have that transcript. It is marked top secret.

Mr. LIMAN. The top secret consists of questions by us and answers by them?

Mr. JANIS. I hope we are not violating any security laws by responding to your questions.

Mr. LIMAN. Look on line 7, page 70. "Is there any doubt in your mind that if Zucker contacted Mrs. North, that Oliver North would know who was sending Zucker?

"Answer. I would have found it, maybe it would have taken time, but eventually I would have found it impossible for him not to know."

It goes on.

Mr. HAKIM. That is my testimony.

Mr. LIMAN. That still is your testimony?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. Is it a fact that the reason—the reason that you felt that you could make this approach to Mrs. North was because General Secord led you to believe that North would not object to it?

Mr. HAKIM. The way I look at this structure, Mr. Liman, is that I believe I already used those words. I put the wheel into motion. It would have been—assuming that we would have found a way—it would have been up to Mrs. North and Colonel North to accept or to refuse this assistance.

Mr. LIMAN. Now, when you say you put the wheel into motion, were you ever told by Colonel North that he objected to the fact that his wife met with Zucker in Philadelphia?

Mr. HAKIM. I don't recall any discussion with Colonel North in that area.

Mr. LIMAN. You in fact received a report from Zucker that he had the meeting?

Mr. HAKIM. Yes.

Mr. LIMAN. You received a report from him that he had gone over the family structure?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. You received a report from him that he could not find a way of transferring money through relatives?

Mr. HAKIM. That is correct.

Mr. LIMAN. You continued after that to deal with North on the second channel, is that so?

Mr. HAKIM. We were—these were two independent——

Mr. LIMAN. Were you seeing North?

Mr. HAKIM. Yes.

Mr. LIMAN. Talking to him?

Mr. HAKIM. Yes. Generally speaking.

Mr. **Liman**. Did he ever in any of the conversations after the Philadelphia trip say to you, "I object to this attempt to transfer money to my family?"

Mr. **Hakim**. No such discussions took place.

Mr. **Liman**. Did he, in fact, encourage you to continue on the second channel?

Mr. **Hakim**. There was no relevance between the two.

Mr. **Liman**. Well, you understood that if Colonel North took your overture as being something that was unwelcome, he could cut you out, right?

Mr. **Hakim**. I could cut him out, sir. He needed me.

Mr. **Liman**. Did you need him too?

Mr. **Hakim**. The country needed me. I was helping out. I made my resources available, all of my resources available to the country.

Mr. **Liman**. Are you saying, Mr. Hakim, that among your resources were TOW missiles?

Mr. **Hakim**. I was making my resources available to the United States, not Iran. TOW missiles were made available by the United States to Iran.

Mr. **Liman**. Didn't you testify that as you saw the structure, you would deal principally with Secord and Secord would deal with North?

Mr. **Hakim**. You are correct, sir.

Mr. **Liman**. And that North was, therefore, on the top of that particular structure with respect to the negotiations with Iran?

Mr. **Hakim**. As far as I was concerned.

Mr. **Liman**. And he may have—he did have superiors, but your contact in the Government was principally North and Cave, correct?

Mr. **Hakim**. That is correct.

Mr. **Liman**. And at no time after you attempted to pass money to the North family through this arrangement between North and—Mrs. North and Zucker—did Mr. North ever protest to you?

Mr. **Hakim**. The subject was never discussed.

Mr. **Liman**. That means he never said anything to you that that approach was unwelcome, correct?

Mr. **Hakim**. I don't know if he knew.

Mr. **Liman**. Well, if what you were trying to do was proper and lawful, why didn't you just simply say to North, "Colonel North, I want to help with the education of the children"?

Mr. **Hakim**. I did not have the knowledge I—I sought the advice of my attorney to look into this to see if we could find a proper way of doing it because—unlike Iran, I know very well making—if you—you refer to it as kickback—kickbacks available to American officials is illegal.

Mr. **Liman**. Mr. Hakim, isn't it a fact that you knew that the passing of money to the North family, even if it was for the education of the children, was not proper?

Mr. **Hakim**. That is why I consulted a lawyer.

Mr. **Liman**. And isn't it a fact that the instructions to the lawyer were to transfer the money in a way which would be secret?

Mr. **Hakim**. In a way that it would be proper.

Mr. **Liman**. Secret also?

Mr. HAKIM. Secret also.

Mr. LIMAN. And among the methods that were discussed by you and your lawyer was transferring money to a real estate development company that would then pay the money to Mrs. North?

Mr. HAKIM. This was one of the avenues we examined, and we reached a dead end.

Mr. LIMAN. And did you reach a dead end because you couldn't find the real estate company that would participate in this scheme?

Mr. HAKIM. I don't believe that was the reason.

Mr. LIMAN. Well——

Mr. HAKIM. Yes.

Mr. LIMAN. Continue.

Mr. HAKIM. The reason was because we did not pursue that by the time—if you refer to the dates, Mr. Liman, from the time that the money was set aside and the contact—or the effort for contacting the realtor took place, it was several months. That means that we could not find, and we continued not to be able to find, a proper way of doing that. And we indeed didn't do it and, to the best of my knowledge, no money was transferred to North's family.

Mr. LIMAN. By the time that all of these activities between your group, the United States, and Iran were revealed in November, was the money still set aside at that time?

Mr. HAKIM. It still is.

Mr. LIMAN. Were you still trying to pass it at that time?

Mr. HAKIM. At which time, sir?

Mr. LIMAN. At the time that the revelation occurred.

Mr. HAKIM. I had bigger things to worry about.

Mr. LIMAN. Well, that was after it. But up to the moment of the revelation, you still intended to pass that money, didn't you?

Mr. HAKIM. At the time of the revelation, I had more important things to attend to, sir. It was in the—that was the peak, that was the most sensitive part of my activity in the second channel, and that I considered more important than any, I think, other things, sir.

Mr. LIMAN. Well, isn't the reason that you stopped the efforts at transferring the money to the North family because in November the whole operation got revealed?

Mr. HAKIM. It had no relation, sir. We could not find a proper way.

Mr. LIMAN. And when——

Mr. HAKIM. From the time that we established the account until the moneys were frozen, we could not find a proper way of dealing with this, so that attempt is considered dead.

Mr. LIMAN. Well, at the time that Zucker was talking to Mrs. North about the family structure, did you consider that to be a proper way?

Mr. HAKIM. We were examining a way, sir.

Mr. LIMAN. Well, you were asking about relatives. That is not the normal way to give money to people, is it—through their relatives?

Mr. JANIS. Mr. Liman, I think he has answered that question at least half a dozen times. He said that he went to Mr. Zucker to ask him if there would be a proper way. He asked whether perhaps giving money to a relative would be a proper way.

He also testified that ultimately they found no proper way and that no money was given to Colonel North. He said—he repeated the answer half a dozen times.

Mr. LIMAN. I will move off that and just see what it is you admit and what it is you don't.

Mr. HAKIM. I will admit to the truth.

Mr. LIMAN. Good.

You admit you set up an account of $200,000 for the benefit of the North family, correct?

Mr. HAKIM. Yes, Mr. Liman.

Mr. LIMAN. You admit that that account was kept secret, correct?

Mr. HAKIM. Up to a certain point.

Mr. LIMAN. Until you revealed it to us?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. You admit that you tried to pass money to the North family through Zucker?

Mr. HAKIM. I testified to that.

Mr. LIMAN. You say that you were looking for a proper way to pass it, correct?

Mr. HAKIM. I asked Mr. Zucker, my attorney, to look for a proper way.

Mr. LIMAN. You admit that you told Secord of this and he never objected?

Mr. HAKIM. That is correct.

Mr. LIMAN. You admit that Zucker told you that he met with Mrs. North?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And you admit that at no time after that meeting did Colonel North ever object?

Mr. HAKIM. I testified that.

Mr. LIMAN. Now, you said—and I will—you repeated it just earlier

> Basically, what I did was I put a wheel in motion, and then if the North family wanted to open the door to my notion, they could. If they wanted to close the door to it, they could also do that.

Mr. HAKIM. Assuming that the cycle of the wheel will be completed and they—a way could have been found.

Mr. LIMAN. The question is, did they ever close the door to it or did you just simply stop trying?

Mr. HAKIM. The cycle never finished, sir. The wheel started, never got off the ground.

Mr. LIMAN. And it didn't get off the ground because Zucker couldn't find a way of transferring it?

Mr. HAKIM. A proper way of transferring it.

Chairman INOUYE. May I interrupt at this point?

A vote is in progress in the U.S. Senate. That accounts for the absence of some of the Members.

Before proceeding, I wish to advise that the transcript which was shown to Mr. Hakim and his counsel was originally marked top secret, but it has been declassified.

Mr. JANIS. Thank you.

Mr. Chairman, in light of its declassification, may we now be provided a copy?

Mr. LIMAN. Have we not now?

Mr. WECHSLER. They took it back.

Mr. JANIS. The top secret transcript was removed from our table. Maybe we could have somebody give us another copy.

Chairman INOUYE. It will be provided at the appropriate time.

Mr. Liman, please proceed.

Mr. LIMAN. Now, you—let's turn to that what has been called the will.

Mr. JANIS. Could we get that document out, Mr. Liman?

Mr. LIMAN. Yes. That is exhibit 18, I believe.

Mr. Hakim, before we review the text of this, at the time you set up the $200,000 account, did you know the names of North's children?

Mr. HAKIM. I still don't.

Mr. LIMAN. Had you ever met his wife?

Mr. HAKIM. I haven't.

Mr. LIMAN. Did you ever meet the children?

Mr. HAKIM. I remember a meeting on a weekend that took place at Mr. Gadd's office that I happened to be present and—on a different issue—and Colonel North came with his young daughter and very briefly I saw his daughter.

Mr. LIMAN. Was that the only occasion?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. Did you ever meet any of the other children?

Mr. HAKIM. Not that I can recall, sir.

Mr. LIMAN. Was that meeting that you had in Gadd's office after you set up the $200,000?

Mr. HAKIM. I cannot recall the date.

Mr. LIMAN. Now, you testified yesterday about this will which covered $2 million which was set up in a reserve which was called AH-1. Do you recall that?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. This will provided that in the event of your death, the power to direct the use of the money would go to General Secord; am I correct?

Mr. HAKIM. That's correct.

Mr. LIMAN. And in the event of Secord's death, it would go to Colonel North?

Mr. HAKIM. That's also correct.

Mr. LIMAN. And when you were shown this yesterday, you said with respect to the power that you were giving to Colonel North, that he could give the money to a "branch of the U.S. Government." That's at transcript page 80. Do you recall that?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. In fact, did you not also provide in this will that Colonel North could give the money to himself or any other party?

Mr. HAKIM. That's correct.

Mr. LIMAN. And you put no restrictions whatsoever on Colonel North's use of this money if the power came into being?

Mr. HAKIM. That's correct.

Mr. LIMAN. Now, the money, the $2 million that we are talking about here, came from the Iranian arms sale; is that correct?

Mr. **Hakim**. That is correct, sir.

Mr. **Liman**. And the Iranian arms sale was a transaction that you were brought into by Colonel North through General Secord?

Mr. **Hakim**. Generally speaking, that is correct. Yes, sir.

Mr. **Liman**. Well, you testified yesterday that the—your participation was by order of the President of the United States, or words like that. Do you recall that?

Mr. **Hakim**. Yes, I do.

Mr. **Liman**. You didn't mean to suggest that the President of the United States knew that Mr. Hakim was involved in this transaction, did you?

Mr. **Hakim**. I have no idea.

Mr. **Liman**. What you meant to say was that you understood that the transactions with Iran had been authorized by the President; am I correct?

Mr. **Hakim**. Yes.

Mr. **Liman**. And that your—the participation of this commercial entity was authorized by the order signed by the President?

Mr. **Hakim**. Yes.

Mr. **Liman**. And you understood that Colonel North was the person who asked Secord to participate, or did you not?

Mr. **Hakim**. That was my impression, but I was not quite sure if General Secord had any other contacts.

Mr. **Liman**. General Secord mentioned to you that Admiral Poindexter had also spoken to him?

Mr. **Hakim**. At one point in time. I don't remember the relevance between the time that I learned about the President's order.

Mr. **Liman**. In any event, the money that was being covered by this will was money generated by the sale of U.S. arms provided by the U.S. Government to Iran?

Mr. **Hakim**. That is correct.

Mr. **Liman**. Now, you have testified that you didn't tell Colonel North about this will; is that so?

Mr. **Hakim**. That's right.

Mr. **Liman**. And you also indicated that you considered this to be appropriate?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. Can you tell us why, if you thought that this will was proper, you didn't tell Colonel North?

Mr. **Hakim**. I'm afraid I don't understand the question, sir.

Mr. **Liman**. Why didn't you tell Colonel North that you were making provisions for him in the will with respect to $2 million which could be used for personal purposes?

Mr. **Hakim**. I told General Secord. That was the pattern of our operation.

Mr. **Liman**. And when you told General Secord, did you contemplate that General Secord would tell Colonel North?

Mr. **Hakim**. General Secord knows what he has to do. I don't know what he would have done. But my assumption would have been that he would tell Colonel North, but I don't have firsthand information, sir.

Mr. **Liman**. Did you tell Colonel North that if something happened to you that he would be in control—strike that.

That if something happened to you and Secord, he would be in control of the enterprise money?

Mr. **Hakim**. I don't recall.

Mr. **Liman**. Let me see if I can refresh your recollection.

Can the witness be provided with Volume V, I believe?

Mr. **Wechsler**. Can you give us the date, Mr. Liman?

Mr. **Liman**. What's Monday's date?

Mr. **Janis**. What's the date on that?

Mr. **Liman**. I'm going to give it to you in a second.

Mr. **Wechsler**. I believe it would be May 31st, Mr. Liman. I believe that's the volume you took back.

Mr. **Liman**. It is now designated IV, and it is May 31. You have that.

Mr. **Janis**. No.

Mr. **Liman**. May 31. You should be provided with it.

Mr. **Wechsler**. That's the one marked Top Secret. You have it back.

Mr. **Janis**. Could you direct us to a page, please?

Mr. **Liman**. Yes. Page 40, line 22, referring to the will. "Let's go back to plain talk." This is referring to Colonel North.

Mr. **Janis**. May we have a moment just to review this?

Thank you.

May we have a moment?

Mr. **Liman**. Does that refresh your recollection that you told Colonel North that if something happened to you and Secord that he would be in control?

Mr. **Hakim**. The transcript of my testimony reads as such, but the reasoning behind that was through General Secord, we talked—we came down to plain talk. I believe it was a question that you asked me and you wanted the bottom line, if Colonel North knew or did not know, and I told you that the answer was yes, that he would be in control.

Mr. **Liman**. So what you are saying is that you didn't tell him but you left it to General Secord to tell him?

Mr. **Hakim**. I was under the impression that this is what he would do.

Mr. **Janis**. Excuse me, Mr. Liman. I think it would be fair to read a little bit more of the transcript than you read. On page 40, the transcript reads as follows:

> *Question:* So that you left it to North that if you and both Secord were gone to decide what he wanted to do with the money in that eventuality.
>
> Answer: That is correct.
>
> *Question:* Did you tell Secord you made these provisions in the event of your death?
>
> Answer: Yes, sir.
>
> *Question:* Did Secord suggest that North be named?
>
> Answer: No.
>
> *Question:* Did he object to North being named?
>
> Answer: No.
>
> *Question:* Did you ever tell North that you had provided for him?
>
> Answer: I vaguely remember saying words to the effect that if I should die, the enterprise can continue. He was worried that there was a damage control mechanism in the form——
>
> *Question:* Why are you now speaking like a government official with words like 'damage control'? Was that your language when you were in Iran?
>
> Answer: No. I am learning new language, sir.

Question: Let's go back to plain talk. Was he aware that you had made some provision?

Answer: That he would be in control?

Question: That he would be in control.

Answer: Yes.

Mr. **Liman**. And when you said that Colonel North was aware that you had made a provision that he would be in control, you were referring to the fact that you contemplated that General Secord would tell him about this provision?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. If you look at your first exhibit, the chart that you prepared, AH 1, that is a chart of your business organization; correct?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. If you look right at the very end, it says CSFR Investments, Limited—or CSF, Investments, Limited; correct?

Mr. **Hakim**. It should read CSF Investment, Limited, then separately "R", standing for reserve.

Mr. **Liman**. There is an "R" there. What does the "R" stand for?

Mr. **Hakim**. Reserve.

Mr. **Liman**. Is the reserve that that chart refers to made up of the $2 million that is covered by the will in which North is named and the $2 million that is covered by the other will in which only Secord is named?

Mr. **Hakim**. This organization chart represents the manner that I intended to run the business and has no relevance whatsoever with the subaccounts setaside. It simply shows the way I subdivided and divided the activities.

If I may go over this, sir, that will make it very clear.

Mr. **Liman**. If we can direct your attention to the "R" there, does that—that stands for reserve; correct?

Mr. **Hakim**. That stands, that—an organization as such that is—doesn't have any other source of income except through contributions and sales of arms to Iran should get to a point to become self-sustained and should have reserve.

Mr. **Liman**. And this chart was done in—when? The summer of 1986?

Mr. **Hakim**. I would say that is a good guess.

Mr. **Liman**. And is it a fact that the reserves were created earlier than that? One in March? The other in June?

Mr. **Hakim**. If the records so indicate, then it is correct.

Mr. **Liman**. That is what they indicate.

Mr. **Hakim**. Yes.

Mr. **Liman**. And is it a fact that one of the reserves denominated by "R" consisted of the $2 million as to which you gave the power of disposition to Colonel North in your will?

Mr. **Hakim**. Yes—if it would satisfy you, Mr. Liman, I would say yes. But the intent——

Mr. **Liman**. Only if it is true.

Mr. **Hakim**. The organization chart was prepared, as I testified, for the purpose of bringing some discipline into our activity.

I was not pleased with the way things were going. Things were messed up. Accounting was absolutely unacceptable. The allocations were improper, the activities were mixed up. There was no control. We did not know what we had.

I went over this with you about the nature of this organization, and I have repeatedly testified that I had an intention of putting some order in our activity.

When this organization chart was prepared, it was not intended for the purpose of reflecting the moneys that were set aside. It was simply to give some form to our activity.

Mr. **Janis**. Mr. Liman, I think perhaps the problem here is that Mr. Hakim is being very precise. I think the spirit of your question, as I understand, is, "Were those funds set aside as a reserve for the enterprise," and I think Mr. Hakim is relating it specifically to this particular chart.

Am I correct in that?

Mr. **Liman**. Let me see. I don't want to have any language communication problem.

The "R" here stood for reserves?

Mr. **Hakim**. The "R" here stands for the fact that this organization must have reserves.

Mr. **Liman**. And by the time you did this chart, you, in fact, had set up reserves.

Mr. **Hakim**. We had set moneys aside, yes, sir.

Mr. **Liman**. And you considered those to be reserves, the two $2 million setasides?

Mr. **Hakim**. Correct, sir.

Mr. **Liman**. And one of those $2 million reserves was the reserve which you gave Colonel North the power over in your will?

Mr. **Hakim**. That is correct.

Mr. **Liman**. Do you know how this chart ended up in Colonel North's office?

Mr. **Hakim**. I don't know.

Mr. **Liman**. But you gave it to Secord?

Mr. **Hakim**. Yes, I did.

Mr. **Liman**. Now, there came a time after everything broke in November when you, General Secord, and Oliver North were represented by the same counsel, correct?

Mr. **Hakim**. For a very short period of time.

Mr. **Liman**. And you had conversations with Oliver North; am I correct?

Mr. **Hakim**. Yes.

Mr. **Liman**. I have only one question. Did you tell Oliver North at that time that he had been named in this will?

Mr. **Janis**. Mr. Liman, I think I need some clarification. Are you asking Mr. Hakim whether during the course that Mr. North, General Secord, and Mr. Hakim were being represented by counsel, the same counsel, and during meetings with that counsel he made any statements?

If that is your question, then he can not answer that question because it would be covered by the attorney-client privilege.

If you are asking him about conversations outside the presence of that counsel, he can answer the question.

Mr. **Liman**. Well, if I ask him, "Did you at any time, even after this broke, tell North that he was named in the will," are you going to exclude from the answer on attorney-client privilege conversations he had with the attorneys?

Mr. JANIS. Well, I think the way those questions have now come about, it would be tantamount to answering what he did or did not discuss with the attorney. So, I think the only appropriate question that you can ask that he can answer without it implying that there is something inconsistent in another time would be to ask him if, outside the presence of counsel, not involved in obtaining legal advice and assistance, he made any such statement. He can answer that question.

Mr. LIMAN. You are going to permit him to answer only what he did outside the presence of counsel, but not what he said in the presence of counsel. Do I understand that?

Mr. JANIS. That is correct. And that does not imply what he did or did not say in the presence of counsel.

Mr. LIMAN. I understand it doesn't imply what he did or did not say in the presence of counsel, but the answer is necessarily going to be incomplete if you exclude what was said in the presence of counsel. So, I press the question, and you can invoke your privilege of attorney-client if you choose to.

Mr. JANIS. Just so the record can be clear, it is not simply Mr. Hakim's privilege that is implicated here. There were two other individuals, each of whom have an attorney-client privilege, neither of whom is here to waive that privilege.

So, if you ask that question, I am going to instruct Mr. Hakim not to answer.

Mr. LIMAN. I don't want to engage in a debate. I am asking him about whether he communicated a fact to Colonel North, and it doesn't seem to me that that communication of the fact by this witness requires the consent or waiver of Colonel North or General Secord.

Mr. JANIS. And he will answer.

Mr. LIMAN. I press the question.

Mr. JANIS. He will answer the question other than in the presence of counsel and seeking advice of counsel, did he communicate that fact, and he will provide an answer to that question.

Mr. LIMAN. Do I take it—I will ask the question as I wish it and you can invoke the privilege on attorney-client if you choose.

Mr. JANIS. Fine.

Mr. LIMAN. Did you communicate at any time, including in the presence of Mr. Green, the fact to Colonel North that he was named in this will?

Mr. JANIS. I'm instructing the witness that he cannot answer that question for the reasons that I have previously given to the committee.

Chairman INOUYE. Does Mr. Hakim invoke that privilege?

Mr. HAKIM. I have to refer to my lawyer. I cannot answer that question, sir.

Mr. LIMAN. Now, you gave some testimony about your role in the first channel and second channel. Do you recall that?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And you began your efforts to open the second channel sometime around June of 1986. Is that so?

Mr. HAKIM. June–July, yes, sir.

Mr. LIMAN. And at that time you were informed that the efforts to deal with the first channel had not been successful. Is that so?

Mr. HAKIM. They did not like the way it was going.

Mr. LIMAN. And, therefore, General Secord and you discussed the possibility of your opening a second channel?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. Now, I'm going to give you a card with code names that we have used before and we have agreed upon. I don't think you need it, but I may. Try to keep it away from the cameras. I don't think you will need it. It's the same that we used at the——

Mr. JANIS. Are these your code names we used in the deposition?

Mr. LIMAN. I think so. They are the same ones that we talked about at the deposition, One, Two, and Engine.

Mr. JANIS. I hate to sound paranoid; can you tell me precisely where the cameras are so I can——

Mr. HAKIM. I remember.

Mr. LIMAN. You remember who One is, who Two is and who Engine is. Correct?

Mr. HAKIM. Yes, I do.

Mr. LIMAN. Am I correct that at the time of your first meeting with the Iranians on this venture in February of 1986, you met the gentleman who we have code named Engine?

Mr. HAKIM. Yes.

Mr. LIMAN. And that's the same person who is referred to in the Tower Report, in the reports of the Tehran mission as Monster?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. They regarded him as a monster?

Mr. HAKIM. Yes.

Mr. LIMAN. And you met him in Frankfurt in the second meeting, not the political, but the second meeting.

Chairman INOUYE. May I interrupt at this point.

Mr. Liman, is it absolutely necessary that this be used?

Mr. JANIS. That the code name be used?

Chairman INOUYE. Yes.

Mr. JANIS. It is absolutely necessary.

Chairman INOUYE. I'm asking whether the line of questioning is necessary at this point?

Mr. LIMAN. I don't believe I will be divulging who these people are. The name is used, Monster is used in the Tower Report, Mr. Chairman. And I will avoid anything that would even give it away even indirectly.

Chairman INOUYE. Please proceed.

Mr. LIMAN. Mr. Hakim, you concluded, did you not, after you received the reports of the Tehran mission——

Mr. HAKIM. Did I answer your question, sir, that I met that gentleman——

Mr. LIMAN. You said yes.

Mr. HAKIM. In a separate meeting.

Mr. LIMAN. You concluded after you got the reports of the Tehran meeting that there had been a misjudgment by the U.S. delegation. Am I correct?

Mr. HAKIM. You are talking about my area of testimony this morning in connection with the hostages?

Mr. LIMAN. You said the U.S. delegation had not judged the people correctly that it was dealing with.

Mr. HAKIM. A combination of Israel and the United States, yes, that was the wrong channel to use, in my opinion.

Mr. LIMAN. And you concluded that it was sensible to try to reach out and see whether or not the person who the U.S. delegation had seen as an obstacle could actually understand what the mission and the purpose was, and the common interests were, and be talked to about that; is that fair to say?

Mr. HAKIM. I'm not sure I understand the question. But let me mention something here that may help both of us.

When the second channel opened and this gentleman came to the meeting, I had no idea that he would be part of the people who would be coming into the second meeting.

Mr. LIMAN. So your testimony is you were not seeking to find contacts with him, but with someone else.

Mr. HAKIM. I was seeking to contact with the factions that I considered could be effective——

Mr. LIMAN. Now——

Mr. HAKIM. —Without any one particular individual.

Mr. LIMAN. If I understand your testimony, your conclusion was that the way to open the door to Iran was, at least in part, through commercial channels.

Mr. HAKIM. I believe that is the only way to open the door to Iran, then and now.

Mr. LIMAN. And you saw that the—if business could be done with Iran, it would provide opportunities for both you and General Secord for profit; is that fair to say?

Mr. HAKIM. Yes.

Mr. LIMAN. And it would also be beneficial to the United States.

Mr. HAKIM. Of course.

Mr. LIMAN. And that's what you meant in your opening statement when you said that this was a unique opportunity; it could be personally profitable to you and General Secord, it could be good for the United States, it could be good for Iran, it could be good for the whole region there; is that fair to say?

Mr. HAKIM. Correct. That is fair.

Mr. LIMAN. And one of the factors that you recognized and that you discussed with General Secord was that the Iranian market was about $15 billion a year if it could be opened; is that correct?

Mr. HAKIM. I discussed that with General Secord, among other people. I still do.

Mr. LIMAN. Did you discuss that with Lt. Col. North?

Mr. HAKIM. No, sir. I'm saying with other businessmen.

Mr. LIMAN. And if you could be instrumental in opening up this channel, you would have at least an inside track on doing some good business there.

Mr. HAKIM. Yes, sir.

Mr. LIMAN. Indeed, you thought you and General Secord could make a bundle if this succeeded?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And you made no secret of that, you reported that to the American officials you were dealing with?

Mr. HAKIM. That's correct.

Mr. **Liman**. So that there was no mistake on their part that both you and General Secord had a dual motive?

Mr. **Hakim**. I spoke for myself. I left Mr. Secord to make his position clear himself.

Mr. **Liman**. Now, you testified this morning, or this afternoon, that you disclosed to the American officials that some of the intermediaries whom you used to open up this new channel expected to participate financially; is that fair to say?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. So you learned at that point at least that the commercial instincts had not really been changed by the revolution.

Mr. **Hakim**. Are you assuming that these two gentlemen are part of the current generation?

Mr. **Liman**. Well, were they?

Mr. **Hakim**. No, sir.

Mr. **Liman**. They were younger?

Mr. **Hakim**. Older.

Mr. **Liman**. They were older. And was there an understanding that in return for helping to open up this channel—the whole group of people who facilitated it, facilitated the meeting with the second channel—himself would participate financially?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. Now, was the plan that if the channel was opened, that they would become partners of yours and General Secord in some trading company to do business with Iran?

Mr. **Hakim**. He never pinned things down.

Mr. **Liman**. Was that contemplated?

Mr. **Hakim**. That was definitely one of the possibilities that I, in my own mind, was considering.

Mr. **Liman**. Was it your intention to use the capital and reserves of the enterprise in order to do business in Iran?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. And it was your intention to use it to do business for you and General Secord?

Mr. **Hakim**. Also.

Mr. **Liman**. General Secord was your partner?

Mr. **Hakim**. Still is.

Mr. **Liman**. And these reserves and capital had been generated by the earlier Iranian arms sale?

Mr. **Hakim**. Yes sir.

Mr. **Liman**. And was the fact that——

Mr. **Janis**. Excuse me.

[Counsel conferring with witness.]

Mr. **Liman**. Was the fact that you planned to use the money that had been accumulated from the earlier sales to do business in Iran if you succeeded with the channel made known to both the CIA representative and Colonel North?

Mr. **Hakim**. I don't recall approaching this subject in the manner that you described.

Mr. **Liman**. Now, if the venture did not succeed in opening up the door to Iran, was it your contemplation that some of the money that had been accumulated in the reserve would be used to pay off some of these intermediaries?

Mr. **Hakim**. Still it is an outstanding obligation.

Mr. LIMAN. So not only was it contemplated that you would pay off those individuals, but you feel at least morally obligated to do so?

Mr. HAKIM. It is a definite obligation, sir.

Mr. LIMAN. And it was their help that opened this channel?

Mr. HAKIM. Without a shadow of a doubt.

Mr. LIMAN. So there is absolutely no doubt in your mind that the U.S. officials with whom you were dealing understood that you would be paying off in order to open up the second channel. Is that correct?

Mr. HAKIM. That was my understanding.

Mr. LIMAN. Well, you communicated it to them?

Mr. HAKIM. But I didn't use the word payoff, sir.

Mr. LIMAN. Well, what was the words that you used?

Mr. HAKIM. They would be my partners.

Mr. LIMAN. Your partners and General Secord's partners?

Mr. HAKIM. You can reach that conclusion if you wish.

Mr. LIMAN. Well, I am not asking you for a conclusion, I am only asking for what the fact was.

Mr. HAKIM. I mentioned to you that I clarified my position. I talked about Albert Hakim and the other Iranians, and I left the decision of what General Secord wanted to do to himself. It is not more than 3 minutes that I testified to that, sir.

Mr. LIMAN. And did General Secord tell you whether he was going to participate in this new venture with you?

Mr. HAKIM. There was a time that I understood that he was looking forward to it.

Mr. LIMAN. Now, you learned, did you not, over the course of these negotiations that there were at least some Iranians who regarded the old system of baksheesh as operative. You testified about the conversation in Frankfurt in February of 1986?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And I am not sure that that conversation was fully appreciated. But am I—did I understand you to say that one of the representatives of the Iranian delegation pulled you aside after the meeting had broken up?

Mr. HAKIM. The first channel, sir.

Mr. LIMAN. Yes, the first channel.

Mr. HAKIM. Yes.

Mr. LIMAN. And this was after the meeting had not resulted in an agreement. Am I correct?

Mr. HAKIM. Well, the result of the meeting was to have another meeting in Tehran.

Mr. LIMAN. But they had not agreed to all the terms. Am I correct?

Mr. HAKIM. Yes.

Mr. LIMAN. And the Iranians, among other things, wanted Phoenix missiles. Is that so?

Mr. HAKIM. That is correct.

Mr. LIMAN. And did I understand you to say that this member of the Iranian delegation asked you to go back and see the President of the United States and tell the President of the United States that he would get a personal payment if he arranged for the Phoenix missiles to be sold to Iran?

Mr. HAKIM. That was my impression.

Mr. LIMAN. And you set that Iranian official straight. Am I correct?

Mr. HAKIM. Definitely.

Mr. LIMAN. You told him that that is not the way things are done in the United States?

Mr. HAKIM. Definitely, sir.

Mr. LIMAN. Now, did you report on this conversation that you had with this Iranian official to North?

Mr. HAKIM. I don't know whether I, first of all, took it all that seriously, and secondly, General Secord was standing there next to me when this gentleman was whispering into my ear, and I immediately told him after the gentleman left. We both found that to be really humorous.

Mr. LIMAN. You took it as a serious offer, didn't you, and didn't you tell him that is just not the way things operate in this country?

Mr. HAKIM. Well, with all due respect to this gentleman, I never took him seriously about anything he said even during the official meetings.

Mr. LIMAN. Did you think he was joking or did you think this was a proposal that he was asking you to convey to the President of the United States?

Mr. HAKIM. I believe he was not sophisticated to even participate in the meeting.

Mr. LIMAN. Did he ask you to convey a proposition to the President of the United States?

Mr. HAKIM. Yes.

Mr. LIMAN. And at that time you were posing as the personal interpreter of the President of the United States?

Mr. HAKIM. This is what I was told to tell him.

Mr. LIMAN. Told to tell him that by the U.S. officials, North—is that correct?

Mr. HAKIM. That is why he pulled me aside. He thought I am closer to the President.

Mr. LIMAN. He thought you had access?

Mr. HAKIM. Yes.

Mr. LIMAN. Now, the reason I am asking you these questions is that in any reasonable person's mind this would raise serious doubts about whether this initiative should go forward. So as I understand your——

Mr. HAKIM. That is the wrong conclusion, sir. I am saying that this channel was selected by Mr. Ghorbanifar, who did not have the same motivation that our group had. He simply was seeking to profit where our intention was not limited to Albert Hakim profiting but also to try to re-establish the relationship.

Therefore, Mr. Ghorbanifar chose a faction that did not have the proper credentials to be the party to the negotiations with the United States and the second channel definitely had the credentials.

Mr. LIMAN. Well, what I am asking you is: did you communicate to an official of the United States that this faction which you were dealing with had made this proposition?

Mr. HAKIM. I told this to General Secord.

Mr. **Liman**. But you understood that General Secord was not an official of the United States?

Mr. **Hakim**. Neither was I.

Mr. **Liman**. But you were posing as an interpreter to the President.

Mr. **Hakim**. As far as the Iranians were concerned, sir. We were not fooling ourselves. I was there because the CIA didn't have an interpreter.

Mr. **Liman**. But the fact is that you did not report this to anyone but General Secord. Am I correct?

Mr. **Hakim**. Mr. Liman, I am saying that I was not engaged as an official of the United States. I was brought into this in a moment of notice, and that is what we dreamed up that night, that is what we represented.

We lied to the Iranians, so I, you know, we cannot—we could not continue to lie among ourselves. We knew the facts.

Mr. **Liman**. Mr. Hakim, you knew obviously that you were a private businessman and you knew that General Secord was a retired general.

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. And the answer to the question is so far as you know this proposition was not conveyed to anyone who was, in fact, in the U.S. Government. Is that not so?

Mr. **Hakim**. Mr. Liman, I do not know the bureaucracy within the Government. I don't know.

Mr. **Liman**. I just asked you what you know. Whether you know it was communicated or not.

Mr. **Hakim**. I said I don't know.

Mr. **Liman**. You never discussed it with North or with Cave or any of those other people?

Mr. **Hakim**. I don't—Cave was not in the picture. At that time he was not part of the picture.

Mr. **Liman**. But he came later?

Mr. **Hakim**. I might have told him, I don't recall.

Mr. **Liman**. You just don't recall?

Mr. **Hakim**. No.

[Witness conferring with counsel.]

Mr. **Hakim**. My attorney reminds me of a very important issue here, that I very briefly touched upon that in my earlier testimony today or yesterday, I don't recall, that I was very, very negative from the very beginning, even before we went into the meetings with these people about the first channel. And I did communicate that.

Mr. **Liman**. You communicated the negativism. The issue I was putting to you was, did you communicate this particular proposition, which was made not by Ghorbanifar, but by an official of the Iranian Government, as I understand it?

Mr. **Hakim**. My opinion was passed on even before we had the meeting. It was the night prior to having the meeting.

Mr. **Liman**. The record is clear on this point?

Mr. **Hakim**. OK.

Mr. **Liman**. When you got into the second channel, you've already indicated what kinds of financial arrangements you had to make in order to get the introductions all the way up to the channel. Did you recognize at an early stage that one of the great needs that Iran had was for pharmaceuticals?

Mr. HAKIM. Yes.

Mr. LIMAN. And initially when you began dealing with the intermediaries who led you to the second channel, had you discussed with them the possibility of selling pharmaceuticals to Iran on credit?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And that would have been something that would have been done, what, through the enterprise?

Mr. HAKIM. Possibly. Possibly, yes, sir.

Mr. LIMAN. And as the discussions of the second channel proceeded, did you succeed in getting Colonel North to obtain pharmaceuticals as a donation for the Iranians?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. Now, what did—what did Colonel North tell you about that?

Mr. HAKIM. That this was communicated to me both directly by Colonel North and also by General Secord, that he had succeeded to get three pallets of medicine set aside to be sent to Iran.

Mr. LIMAN. And he told you he got those as donations?

Mr. HAKIM. That was what I recall. That's my best guess, sir.

Mr. LIMAN. And you communicated that to the people who were involved in this second channel?

Mr. HAKIM. That we would be donating medicine to them.

Mr. LIMAN. There were a series——

Mr. HAKIM. As a matter of fact, that is part of the nine-point agreement that is stipulated. There's a——

Mr. LIMAN. As I understand it, you went to a meeting in Frankfurt in early October of 1986; am I correct?

Mr. HAKIM. Correct, sir.

Mr. LIMAN. And Mr. Cave was there?

Mr. HAKIM. I believe so, yes, sir.

Mr. LIMAN. Colonel North was there?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. You were there?

Mr. HAKIM. Of course.

Mr. LIMAN. And General Secord was there when the meetings began?

Mr. HAKIM. I believe so, yes, sir.

Mr. LIMAN. And you had the Iranian delegation there?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And among the Iranians who were there was the man who in your earlier testimony you called Monster, who we called Engine; correct?

Mr. HAKIM. Right.

Mr. LIMAN. And the reason—the name Engine was selected because you testified at your deposition that he—you saw him as an engine, as a person who could be helpful in driving forward an agreement between the parties?

Mr. HAKIM. The name Monster came about as a result of Mr. McFarlane's trip to Tehran, because I understand this gentleman was also present and he didn't yield. So the name stayed with him.

My assessment of this man, as I testified during my deposition, was different. That's how we came up with the name of Engine, because he was really the man behind the whole initiative as far as Iran was concerned.

Mr. LIMAN. Is it a fact that Colonel North made the proposal which is in this book as AH-40?

Mr. HAKIM. Are you referring to the seven-point concept?

Mr. LIMAN. Yes.

Mr. HAKIM. Yes.

Mr. JANIS. Just a second.

Mr. HAKIM. I have it, sir.

Mr. LIMAN. And that's the proposal that Colonel North made?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. Do you know in whose writing it is?

Mr. HAKIM. I believe it is Colonel North's handwriting.

Mr. LIMAN. Is this one of the documents that you produced for us?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And this proposal which called for the release of all of the American hostages was not accepted at that meeting; am I correct?

Mr. HAKIM. That's correct. They didn't find this within their power to achieve and they did not want to lie like the past.

Mr. LIMAN. And when you say they didn't want to lie like in the past, you understood that in the past they had promised that the hostages would be released, or at least some of them had promised?

Mr. HAKIM. My understanding was that during the life of the first channel, Mr. Ghorbanifar would tell everything that the Americans wanted to hear.

Mr. LIMAN. And they heard what pleased them?

Mr. HAKIM. Correct. There is no question about that.

Mr. LIMAN. But even at this late date, which is October, after you had been working on this second channel since July, Colonel North still was contemplating that all of the hostages would be released; correct?

Mr. HAKIM. Colonel North not only had the desire of re-establishing the relationship with Iran, it did not for a moment leave his mind the American hostages being kept in Lebanon. That was in his mind at all times.

Mr. LIMAN. Did he tell you that he was under political pressure to get them released?

Mr. HAKIM. He did not have such a discussion with me, but that was my definite impression and understanding, that that was the case.

Mr. LIMAN. Well, what gave you that impression?

Mr. HAKIM. When we got closer to the time for the elections, my understanding was that Colonel North wanted to remove this obstacle for the purpose of enhancing the President's position.

Mr. LIMAN. Well, did you reach the conclusion and so testify to it that you believed that his—North's prime objective was to get the hostages released in time for the elections?

Mr. HAKIM. I would say this would be unfair to say that it was his prime objective. But definitely he was trying to achieve that goal.

Mr. LIMAN. If you look at page 202 of May 31, would you tell me whether you testified that that was your impression of Colonel North, namely that it was his prime objective to get the hostages released in time for the election?

Mr. JANIS. Could we just have a moment?

Mr. LIMAN. Sure. It begins at line 14.

Mr. HAKIM. I've read that, sir.

Mr. LIMAN. Was it true what you testified?

Mr. HAKIM. What I testified is correct, sir, but my understanding of your question is different than the context that is in my deposition.

Here I am advising Colonel North that his strategy for negotiation is wrong. Colonel North wanted to achieve—as I earlier testified a few moments ago—he wanted to achieve both. And I told him, as I testified here, that this is a wrong approach to put his emphasis and show as his prime objective the release of hostages. I told him, as I testified, he should low key that and he should put his attention more on the long-term relationship.

Mr. LIMAN. Mr. Hakim——

Mr. HAKIM. There is no question Colonel North wanted to get the hostages out as quickly as possible.

Mr. LIMAN. Mr. Hakim?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. If you misspoke at your deposition, you can so state.

Mr. JANIS. Well, I think——

Mr. LIMAN. Would you look at that passage and tell me whether or not that statement is still something that you stand by? If it is, I will read it. If it is not, I won't.

Mr. HAKIM. You should read the whole thing, sir. If you want to, go back. You are taking part, only a small part of my whole testimony in connection with this subject. Let's go further.

Mr. LIMAN. Question:

> Let me ask you to focus on this particular period of time. What was your perception of how the hostage problem should be resolved?

Is that the question? You see that question there?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And your answer was, Answer: I did not approve of Colonel North's focusing on hostages. My suggestion was that,

> You should low key that. You should not show any interest or hunger in getting the hostages back, because this prime objective at that time was to support the President in connection with the Republicans for the elections, and I found that to be counterproductive. And, like I said, this is not a good negotiating tactic. You should low key that. And then, to the contrary, tell them you are not interested in that.

Is that what you testified?

Mr. HAKIM. That testimony is correct, sir.

Mr. LIMAN. Is it true?

Mr. HAKIM. That is true, but——

Mr. LIMAN. That is what he said to you or what your impression was?

Mr. HAKIM. That is correct.

Mr. LIMAN. And did you also testify that you felt under political pressure?

Mr. HAKIM. I felt under political pressure or he——

Mr. **Liman**. That you were put under political pressure?

Mr. **Hakim**. Yes.

Mr. **Liman**. And now that was just what you observed from the way in which Colonel North was acting? Those were your conclusions, or did he say that to you?

Mr. **Hakim**. The subject—the subject of the elections was definitely discussed during our attempt in trying to re-establish the relationship with Iran, sir.

Mr. **Liman**. And what was said?

Mr. **Hakim**. As I testified earlier, that he wanted to gain the release of the hostages to enhance the position of the President.

I just testified to that a few minutes ago.

Mr. **Liman**. You have to understand, Mr. Hakim, that your deposition is not in the public record of these proceedings, so that if I ask you questions which you may have testified to last week, it is not because I want you to be repetitive; it is because there is no public record of them.

Mr. **Hakim**. I understand you, sir, now, but now you have read the portion relevant to this.

Mr. **Liman**. Did Colonel North leave this meeting in October without having reached an agreement with the Iranians?

Mr. **Hakim**. I recall him leaving it—we had, as I testified earlier—we had several meetings during the month of October in connection with this seven-point proposal. I recall that he left.

Mr. **Liman**. He left and——

Mr. **Hakim**. Back to the States, yes.

Mr. **Liman**. And he said to you——

Mr. **Hakim**. That "You have 6 hours."

Mr. **Liman**. —That you have 6 hours to try to come up with a proposal with the Iranians that might be acceptable?

Mr. **Hakim**. Or I have to report to the President that the second channel is not successful, and we have to revert back to the first channel.

Mr. **Liman**. Now, is it a fact that if the second channel failed, then opportunities that you saw for profit for you and General Secord would be lost?

Mr. **Hakim**. I don't believe so, sir, because I was still part of the team.

Mr. **Liman**. Which team? The Iranian team?

Mr. **Hakim**. No, no. The American.

Mr. **Liman**. Didn't you see that the second channel, if it worked, would open up the door for business opportunities for you and General Secord?

Mr. **Hakim**. If we would have succeeded from either channel, first or second, that would have opened the doors to me.

Mr. **Liman**. And the second channel was one that you found, correct?

Mr. **Hakim**. The second channel I found to be more productive for the purpose of the United States, not for my purposes, sir.

Mr. **Liman**. But you are the person who identified it?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. And Colonel North told you at this October meeting that he was leaving, that he was going to tell the President to abandon the second channel unless in 6 hours you could come up with some proposal that would be acceptable; is that fair?

Mr. HAKIM. That's correct.

Mr. LIMAN. And is it also correct that Cave disappeared and that General Secord had to attend to other business?

Mr. HAKIM. Cave left the next day and I gave him a copy of the 9 points in the morning before he left.

Mr. LIMAN. And Secord left?

Mr. HAKIM. Secord came back a few hours after Cave left and that is when we sent——

Mr. LIMAN. But the point I am making is, is it a fact you were left alone to try to work out something that would be acceptable with the second channel?

Mr. HAKIM. I was the only one who had the competence, sir.

Mr. LIMAN. And you were the only one who was assigned that role at that point; you had 6 hours to come up with something?

Mr. HAKIM. As far as Colonel North was concerned, the meeting had failed. I urged him to give me an opportunity to sit down with the people and fill in the gap. That is when he gave me 6 hours.

Mr. LIMAN. And, in fact, you did sit down with the second channel people?

Mr. HAKIM. Yes, I did.

Mr. LIMAN. And is it a fact that you are the one who then negotiated the 9 points?

Mr. HAKIM. I'm the one who restructured the 7 points into 9 points.

Mr. LIMAN. And is it a fact that in restructuring them, you made some changes that you thought would be acceptable to the Iranians and to the Americans?

Mr. HAKIM. It was already established that it is acceptable by the Iranians. It was left for the return of General Secord, for him to complete one part of the 9 points, and then for us to communicate that to the United States.

Am I not answering the question?

Mr. LIMAN. No. We are getting out of sequence.

Mr. HAKIM. OK.

Mr. LIMAN. There were 7 points that were on the table that had been rejected by the Iranians?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. You were left alone to try to work out with the Iranians a proposal that might be acceptable to the United States?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And the Iranians were representing their interest?

Mr. HAKIM. Yes.

Mr. LIMAN. And you, a private citizen and a businessman, all of a sudden found yourself in the role of trying to work out an agreement for the United States that would be acceptable; is that really what it comes down to?

Mr. HAKIM. Yes.

Mr. LIMAN. And you indeed did work out these 9 points—you, Albert Hakim, private citizen, businessman, seeking not just to advance the U.S. interests, but profit. And I'm not saying that to decry profit. You are the one who worked out the 9 points?

Mr. **Hakim**. Mr. Liman, our Secretary of State comes also from the business end of our structure. At the time that I was negotiating, I was not discussing my own personal benefit. In my opening statement, I told the American people that it was a unique opportunity. I was serving a number of motivations.

At no time did I say that my only motivation was financial benefit. When I was left behind to deal with it, the only thing that did not cross my mind was financial benefit, and the only thing that I was working on was the interests of the United States, sir.

Mr. **Liman**. And that is the way you saw your role?

Mr. **Hakim**. At that moment.

Mr. **Liman**. Now, there were some rather significant changes made between the 7 points and the 9 points; is that fair to say?

Mr. **Hakim**. I slowed down the pace of Colonel North. The answer is yes.

Mr. **Liman**. If you look at your translation, and exhibit 40, the 7 points——

Mr. **Janis**. Just a moment, sir.

Mr. **Hakim**. I don't appear to have it, sir.

Mr. **Liman**. And 22 is the translation.

Mr. **Janis**. There is one correction on this translation.

Mr. **Liman**. I understand you made a correction in the translation before. I noted it. But in the proposal which Colonel North conveyed on behalf of the United States, it provided, in item three, all American hostages to be released, correct?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. In the proposal that you worked out, it provided for the one and best efforts to get the second, correct?

Mr. **Hakim**. That's correct. That's correct.

Mr. **Liman**. And in your proposal you had provisions with—for the—for Albert—that is you, Albert Hakim, will provide the plan for the release of the seventeen prisoners being held by the Kuwaitis?

Mr. **Hakim**. That was the spirit of the Iranians toward me, indicating their dissatisfaction with the meeting.

Mr. **Liman**. And Colonel North's proposal did not have that provision?

Mr. **Hakim**. No, sir.

Mr. **Liman**. And, indeed, in the agreement that is written out in Farsi by the Iranians, it provided that Albert—meaning Albert Hakim—is the one who will provide the plan for the release, correct?

Mr. **Hakim**. That indicates, Mr. Liman, the spirit of the Iranians at that time. It would be unfair to take it as only the agreement itself. This is an indication that they were disappointed with the approach of the American delegation and they were looking to me to sort this thing out.

I had promised that I personally would try to fill in the gap that existed between them, and it is very customary among Iranians to say "I trust you. I don't want to deal with the rest. You—I keep you responsible."

That was the reason those words were used there. They even said that they will pay me the money, they will pay the money for the

500 TOWs to Hakim. On top it says the summation between our discussions between us and Hakim.

This is their way of indicating, showing disappointment in the way that the discussions went with the American delegation, sir.

Mr. LIMAN. Were they not looking upon you at that point as a representative of the American side?

Mr. HAKIM. No, sir. If you look further down, you see that I had to refer to General Secord to get understanding of the Kuwaiti situation and so on. No. They did not understand that. That was not their impression.

Mr. LIMAN. Were they looking at General Secord as if he were the representative of the American delegation?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. Did they know at that point that you were not the personal interpreter to the President?

Mr. HAKIM. I am not sure what they knew. They saw me as a sincere person. They started to trust me.

I started to trust them.

Mr. LIMAN. They also saw you as a person who could go with them to the White House with Colonel North? That happened before this?

Mr. HAKIM. They did not think that I was just a man with a grocery around the corner, sir.

Mr. LIMAN. In knowing the way Iranians look at things, do you think that they distinguished between you as a businessman and you as a representative of the United States?

Mr. HAKIM. This particular person did, sir. A very sharp man.

Mr. LIMAN. Did he see you as a businessman?

Mr. HAKIM. Very much so. And he also knew that I have no interest to continue to act as a diplomat or politician. He knew that well.

Mr. LIMAN. He understood that your interest was to get the door open to Japan—Iran and make some money?

Mr. HAKIM. I will be delighted to accept a mission to open the door to Japan, sir.

Mr. LIMAN. To Iran.

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And to make some money?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. Now, you communicated this proposal to Colonel North through——

Mr. HAKIM. KL–43.

Mr. LIMAN.—Through Cave and also through the KL–43; correct?

Mr. HAKIM. I gave a copy of this—a photocopy of this agreement to Cave, but the KL–43 got there before Mr. Cave did.

Mr. LIMAN. You then heard from Colonel North that this had been approved?

Mr. HAKIM. No, sir. This took a little bit of doing. From there on, General Secord took over.

Mr. LIMAN. Did you hear whether it was approved?

Mr. HAKIM. It was approved at the—yes. At one point in time, yes.

Mr. LIMAN. You were told that it was approved?

Mr. HAKIM. Yes.

Mr. LIMAN. Indeed, didn't North invoke the name of the President?

Mr. HAKIM. Yes.

Mr. LIMAN. He dropped the name of the President all the time, didn't he?

Mr. HAKIM. When I was present.

Mr. LIMAN. Did you consider him to be a name dropper? That it was puffing?

Mr. HAKIM. I found Colonel North to be a devoted American. He will do anything to obtain his objectives, sir. Including giving his life.

Mr. LIMAN. I have a question about this. You can get an impression here that North is hustling you, that you are hustling North, that the Iranians are hustling you, that you are hustling the Iranians and that it really is, as you said before, a commercial type of environment, is that an unfair impression that I have?

Mr. HAKIM. Yes. That is unfair.

Mr. LIMAN. When you were told that this agreement that you had negotiated had been approved by the President of the United States, you must have felt very proud?

Mr. HAKIM. I felt proud throughout, sir. I felt proud being part of the team.

Mr. LIMAN. Did you feel like you had been the Secretary of State for a day?

Mr. HAKIM. I would not accept that position for any money in the world, sir.

Mr. LIMAN. Well, you had it better than the Secretary of State in some sense. You didn't have to get confirmed; correct?

Mr. HAKIM. I still believe that I have it better than the Secretary.

Mr. LIMAN. And——

Mr. HAKIM. I can achieve more, too.

Mr. LIMAN. And if this initiative had succeeded, did you ever make any calculation as to how much you and General Secord would make?

Mr. HAKIM. In what period of time, sir?

Mr. LIMAN. People tend to think in terms of three-to-five year plans.

Mr. HAKIM. Many millions.

Mr. LIMAN. Did it bother you at all that here you—and I say it respectfully—a private citizen was left with this kind of task of negotiating an agreement in which if it succeeded, you stood to benefit very substantially?

Mr. HAKIM. Mr. Liman, what bothered me was that we didn't have the competence within the Government to do what I could do. That still bothers me.

Mr. LIMAN. So because you felt that the State Department wasn't competent to negotiate with Iran, that that made it appropriate and comfortable for you to do this?

Mr. HAKIM. No, sir. My understanding is very different than that. My understanding is that we here wrongfully in the United States have created a shield and the name of that shield is called terrorism. We say Moslem plus Middle East equals terrorism, and we are hiding behind this excuse and we are not doing the right things to approach the Iranians, sir.

Mr. LIMAN. And you felt that you knew better than the Secretary of State? Is that fair?

Mr. HAKIM. What I am saying, that I knew and I know now better as to how to communicate with the Iranians.

Mr. LIMAN. One last group of questions.

You testified that ultimately you were asked in December, after everything had broken, to arrange for a State Department representative to meet with the Iranians, am I correct?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. Now, at that point, there were investigations all over the place, right?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. So you found yourself with the need to have a lawyer who would represent you in connection with the investigations?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And when you asked to be present at the meeting between the Iranians, the second channel, and the State Department people, they had no objection to your being present alone. Am I correct?

Mr. HAKIM. Mr. Dunbar had. That was my understanding, that he didn't have any objection to me being there alone.

Mr. LIMAN. But you felt because of all these investigations that you wanted your attorney, who was representing you in the criminal investigation and the other investigations to be present, correct?

Mr. HAKIM. Sir, I said——

Mr. LIMAN. Is that correct?

Mr. HAKIM. No, that is incorrect. I was not about to make another mistake while I was trying to solve the first mistake, which was to depend on being supported by the people who asked for my assistance, and they dropped me, and I had to seek my own support through my attorney, and when they asked me to come in there again, I was not ready to make that mistake again, sir.

Mr. LIMAN. You asked that Mr. Janis be present at these negotiations, correct?

Mr. HAKIM. That was my way—yes, that is correct, sir.

Mr. LIMAN. That is correct?

Mr. HAKIM. Yes.

Mr. LIMAN. And at that point you were not prepared to testify without immunity, am I correct?

Mr. HAKIM. That is correct.

Mr. LIMAN. So if I can just follow this through, you would be there at a negotiation and if the Government, whose delegation you were on, the United States, were to say to you, well, Mr. Hakim, what happened at these negotiations? We had—been confronted with the fact you have a fifth amendment problem?

Mr. JANIS. Mr. Liman, will all due respect, I don't believe this meeting was characterized as a negotiation. And I also think you are incorrectly characterizing what happened. Mr. Hakim testified that the State Department requested him to be present, not the other way around. And at that time, as you are aware, there were attorneys on every side.

Mr. Liman. I am not criticizing him.

Mr. Janis. I want to make the record clear, if you will give me a moment. I want a moment to make it clear. This is not, as I understand it characterized as a negotiation session, but as an introduction. So I think it is interesting, but that it is not what happened.

Mr. Liman. I am not criticizing him for wanting you to be present, Mr. Janis, but the fact of the matter is you felt that even for an introduction session, an introductory session, you ought to have your criminal lawyer present.

Mr. Hakim. That was an indication of my lack of trust in the Government. They had stabbed me, and I was not prepared to be stabbed again, sir.

Mr. Liman. And that is not in your mind also an indication of what happens when private citizens become acting secretaries of state? That doesn't—that conclusion doesn't leap out at you?

Mr. Hakim. The conclusion that I get to is that they did not have the competence, their conventional way did not work. The President of the United States decided to go this way, and I will not question the decision of the President that I vote for, sir.

Mr. Liman. Did the President of the United States ever speak to you about this?

Mr. Hakim. No, sir.

Mr. Liman. Is it a fact that the references that you heard to what the President wanted came either from Oliver North or Secord?

Mr. Hakim. No sir. When I am invited to go to the situation room and I sit down and I see a phony passport prepared for me by the CIA and I attend a number of meetings, all kinds of doors are opened to me for various negotiations, I don't limit that to Colonel North and General Secord.

Mr. Liman. So you thought, you thought that the President of the United States had concluded that the State Department couldn't handle this but that Albert Hakim, private citizen and businessman, was the key?

Mr. Janis. I think that is an unfair question.

Mr. Liman. No further questions today. I have some more tomorrow.

Chairman **Inouye.** Thank you very much.

I would like to now recognize the vice chairman of the Senate Select Committee.

Mr. Rudman. Thank you, Mr. Chairman.

Strictly a procedural question, which I think my colleagues might want to listen to, because it could have some impact on our future hearings, because of the number of witnesses we are going to have.

Mr. Hakim, it is my understanding, and I tried to follow it—and Mr. Janis, feel free to respond also—that you invoked attorney-client privilege in response to a question regarding a meeting you had with Colonel North and General Secord present. Is that correct?

Mr. Janis. That is correct. And their attorney was present.

Mr. Rudman. Who was present at that meeting again, please?

Mr. Janis. As I understand it, present were Colonel North, General Secord, Mr. Hakim, and their attorney, Thomas Green.

Mr. RUDMAN. Now, asserting for the record, Mr. Hakim, that Thomas Green was your counsel at that time?

Mr. HAKIM. It was a time——

[Counsel is conferring with witness.]

Mr. HAKIM. At the time, that is correct, sir, he was my attorney.

Mr. RUDMAN. Well, wasn't Mr. Janis your lawyer prior to that time?

Mr. JANIS. No, I was not.

Mr. RUDMAN. You were never his lawyer prior to that time?

Mr. JANIS. Never his lawyer with respect to any other matter?

Mr. RUDMAN. That is correct?

Mr. JANIS. That is not correct. With respect to other matters quite some time ago, I had been. But I was not his attorney with respect to that matter. I was completely uninformed.

Mr. RUDMAN. How long after that did you become his counsel?

Mr. JANIS. Shortly after that.

Mr. RUDMAN. Is there some record of your establishing representation with Mr. Green, Mr. Hakim?

Mr. HAKIM. In writing?

Mr. RUDMAN. In any way that could be given some proof. As your lawyer will advise you the attorney-client privilege, which the Senate Committee may choose to observe or not to observe, as we choose. But that privilege, in any event, must be established, and I just would like to have it established. And I will leave it at that only for purposes of the press. I don't want to get into a long discussion here, but it is very disturbing to me that very critical conversations could well be kept from the knowledge of this committee by assertion of that privilege by one lawyer representing multiple clients.

I am not saying that is true, I am saying that is a very important point. I would like you prepared on Monday, on Friday morning—I would say tomorrow because you will be finished tomorrow hopefully—that you give us some indications to your best recollection to establish Mr. Green in fact represented you. Of course, he represented General Secord then also. Then General Secord got another lawyer. We have always seemed to have problems getting conversations when Mr. Green is in a room with Mr. Secord, Mr. Hakim, and Colonel North. That is disturbing to us. I would like you to establish that. You may well be able to.

I don't doubt your word under oath, Mr. Hakim. I just would like some assurance.

Thank you, Mr. Chairman.

Chairman INOUYE. Before proceeding, will the staff pick up the envelope with the code in it?

Mr. JANIS. I think they already did, Mr. Chairman.

Chairman INOUYE. The panel will stand in recess until 9 o'clock tomorrow morning.

[Whereupon, at 5:40 p.m., the Select Committees were recessed, to reconvene at 9:00 a.m., Friday, June 5, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Continued Testimony of Albert Hakim

FRIDAY, JUNE 5, 1987

SENATE SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
AND
HOUSE SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN,
Washington, DC.

The Select Committees met, pursuant to call, at 9:04 a.m., in room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman INOUYE. The hearing will please come to order.

I would like to now recognize the vice chairman of the Senate Select Committee, Senator Rudman.

CONTINUED TESTIMONY OF ALBERT HAKIM, FROM JUNE 4

Mr. RUDMAN. Good morning, Mr. Hakim.

I asked you a question last evening, and I believe there has been communication between your counsel and ourselves. I want to make it clear that the reason this is an important question is not necessarily to get an answer to the question that was asked by Mr. Liman for which you invoked the privilege. But it has serious implications towards the second phase of our hearings in terms of the proper use of attorney-client privilege and, number one, whether this committee wishes to observe it; and secondly, if it does, the criteria we will establish to observe it.

It is my understanding that you have told us that Mr. Green became your lawyer for a time on the 24th of November; is that correct?

Mr. HAKIM. Yes, sir.

Mr. RUDMAN. And he was your lawyer at a time that you were at a meeting with Mr. Secord, who he principally represents, and Colonel North, who is now represented by another attorney; is that correct?

Mr. HAKIM. That is correct, sir.

Mr. RUDMAN. And Mr. Janis, I want to say to you that we are very appreciative of all of your cooperation in this entire investigation and in no way should any of my remarks be directed at your professional conduct in this matter.

I have no intention of doing that, so that the record is clear. You have been cooperative and this really only indirectly affects you.

The problem I have with your answer, Mr. Hakim, is a letter that we have from Janis, Schuelke & Wechsler, dated November 18, 1986—we will send a copy of that now to you—in which your attorney, Mr. Janis, wrote a letter to Mr. Green about a totally different matter, an agreement on Peter Maas' book, *Manhunt.*

[The information appears at p. 1293.]

There is no question that on the 18th of November in this matter which is only by my calculations 6 days before the meeting at which you claim Mr. Green represented you, Mr. Janis is communicating with Mr. Green representing you.

Can you explain that to us?

Mr. JANIS. Senator Rudman, if you wouldn't mind, I think it would be most appropriate for me to discuss this and I intend to do so.

Mr. RUDMAN. Well, do you wish to be put under oath for this particular phase of the hearing only? That is your choice.

Mr. JANIS. I don't believe there should be a need for me to be put under oath, but I am prepared to tell you, to give you some dates and times in response to the inquiry that you made of me last night, and I came here prepared to do that.

Let me tell you what the facts are, and then I will also address the question of the privilege issue that was raised at the end of the hearing yesterday.

I have known Mr. Hakim for some time. I have represented him in the past on other matters. On the meeting you have inquired about took place on November 24, 1986.

At that time, I did represent Mr. Hakim on a few minor matters, in particular, represented him, as I recall, with respect to three different subject matters, one was a dispute he had with an author regarding a book in which Mr. Hakim was named.

I did not intend to give Mr. Maas free publicity, but since you have already done so, the name of the book is *Manhunt.* I did have some communications with Mr. Maas on the telephone and in writing, and with Mr. Green, who represented Mr. Secord, who was also mentioned in that book.

My law firm also had filed a few Freedom of Information Act requests on Mr. Hakim's behalf, and I had been asked by Mr. Hakim to monitor a civil law suit in which he and General Secord, among others, were named as defendants but in which General—excuse me—in which Mr. Green was taking the leading role in representing both Mr. Secord, and Mr. Hakim, and Mr. Green, I believe, had retained a law firm in Miami to actually file pleadings and so forth. I never entered an appearance in that case.

Those matters I did monitor. There was very little time involved in those things, but at no time whatsoever, prior to November 26, actually at no time prior to November 25, was I aware—was I aware that there was such a thing as an Iran initiative, and my first knowledge of this was when the Attorney General held his press conference on November 25.

So although—if I may finish, sir—although I was representing Mr. Hakim with respect to other matters, I was not in any way representing him in this matter. My records reflect that the first contact I had with Mr. Hakim regarding this matter was a telephone call on November 26, 1986; the first time I met with Mr. Hakim to discuss this matter and learned anything about the facts of the case was on Sunday, November 30, 1986, and I think that should clear up any misunderstanding.

Mr. **Rudman**. It clears up, you know, your perception.

Our problem, obviously, is that if we are going to have attorney-client privilege invoked, with Mr. Green representing multiple parties, where they all had other lawyers at one time for other matters, and then during a very narrow slice of time you can see the committee's problem during that narrow slice of time, Mr. Green is representing Mr. Hakim, and then 2 days later you are representing him again. I have no doubt what you say, Mr. Janis.

But Mr. Hakim, did you get a bill from Mr. Green, an invoice?

Mr. **Hakim**. Not yet, sir.

Mr. **Janis**. Senator——

Mr. **Rudman**. I am sorry, Mr. Janis, I am going to continue for just one more moment.

So, you are telling me that on the representation that was 5 or 6 months ago you still do not have any bill for services rendered to you by Mr. Green; is that correct?

Mr. **Hakim**. You are correct, sir.

Mr. **Rudman**. Did you understand he was doing this for you pro bono, for free?

Mr. **Hakim**. I didn't focus on it.

Mr. **Rudman**. You assumed you would be billed, didn't you?

Mr. **Hakim**. Normally I should be billed.

Mr. **Rudman**. Most lawyers do bill for their time?

Mr. **Hakim**. They do.

Mr. **Janis**. Senator——

Mr. **Rudman**. Just a minute, I want to say one other thing to Mr. Hakim.

I just want to put something into the record, Mr. Hakim, that the committee will now have passed out so each member of the committee can have it.

It is disturbing to me from many points of view—this hearing, professional ethics and other things—on the 18th of May of this year this committee interviewed William Bradford Reynolds of the Justice Department.

Mr. Reynolds was talking about some discussions they had with a number of people involved in this. I want to just read a part of it to you, and I will furnish it to you at some point during the hearing. It is just, I think, of interest.

On Monday November 24 Reynolds was telephoned by Tom Green—that is the day I believe you had the meeting; correct?

Mr. **Hakim**. I believe so.

Mr. **Rudman**. That is the day Mr. Green was representing you?

Mr. **Hakim**. I believe so, sir.

Mr. **Rudman**. All right. Well, that is the date.

He was telephoned by Tom Green, whom he knew well from years of law practice in Washington. Green said he was not calling on behalf of any particular client, but that he had represented Secord and North in the past. Green further stated that he thought that the government should have certain information which it apparently did not have. Reynolds consulted with Meese, who agreed that Reynolds and Cooper should meet with Green.

Reynolds, Cooper, and Green met later that day. Green rambled on about Secord's and Hakim's enterprise. He said that the fiasco of the November, 1985, shipment brought North into the picture, but that North had performed throughout simply as a facilitator. Green stated that the arms initiative was intended to develop a relationship with moderates in Iran. Green offered that Hakim came on the scene to open the channels based on his relationship with—and I will leave the name blank.

Green further discussed the January 7 Finding, and the "third-party" language contained in that Finding. To implement the January 7 Finding, Green stated that the government had turned to Secord. Green attributed the diversion to Hakim, who believed that only Iranian funds could be and had been used to aid the Contras. Green was very harsh on Ghorbanifar.

But the man representing you on that day is talking to the Justice Department and saying you are responsible for the diversion. Does that surprise you, Mr. Hakim?

Mr. HAKIM. Yes.

Mr. RUDMAN. It sure surprises me.

Mr. Chairman, I will just drop it at that point, but I am going to just serve notice on Mr. Hakim and Mr. Green, who I hope may be interested in these proceedings, that I intend to ask this committee, these joint committees, to very seriously discuss with counsel whether or not we are going to grant attorney-client privilege to people who claim that Mr. Green was acting in a multiple capacity.

I happen to think it has been orchestrated by someone, I don't know who, to keep this congressional committee from getting information, and we will not be denied the truth.

Thank you, Mr. Hakim. And thank you, Mr. Janis.

Mr. JANIS. Thank you.

Senator, may I just make a couple of remarks. With respect to the meeting on November 24, 1986, I think that we can all understand, given the pace at which events were flowing, that there was—things were happening very quickly. As we all know, the next day Colonel North was fired, Admiral Poindexter resigned, the Attorney General went on television and made his remarks about diversion and so forth.

And I think, in fairness to Mr. Green, that under those circumstances when these three people came to him and sought his advice, which I am confident that that was precisely the reason they spoke to Mr. Green, I don't believe that under those circumstances with that kind of time pressure, and given the importance of what was involved, that anyone really focused on sitting down and drafting a retainer agreement. This was, in my mind, a classic case in which people go to a lawyer under exigent circumstances to try to get advice about how, what, how and what to do to before events pass them by. I think that is what happened.

Mr. RUDMAN. Thank you very much, Mr. Janis. The record will speak for itself. Where I come from and where you come from, I find it remarkable that a lawyer who tells a man in good faith that he is representing him on the same day is telling the Justice Department officials that he is the one who is to blame, if there is blame, for the alleged diversion, which, of course, we know from our records does not happen to be the fact.

Thank you, Mr. Janis, and I want to thank the chairman. I want to thank my colleagues for yielding to me. I don't think we should spend any more time on this, and I think we ought to get on with the hearing this morning.

Chairman **Inouye**. Mr. Liman.

Mr. **Liman**. Good morning, Mr. Hakim.

Mr. **Hakim**. Good morning, Mr. Liman.

Mr. **Liman**. We were talking about the nine points when we broke yesterday. Do you recall testifying at your deposition on May 31, 1987—you now have them all in front of you—page 87—question on line 22, "And you then submitted the nine points to North?"

> Answer: And he agreed. And then on page 88, line 14.
>
> *Question:* How soon after North got this on the KL-43 did he communicate back to you that it was accepted?
>
> Answer: Right after—I would say within—I cannot recall exactly, but within hours.

You gave that testimony, and it was true, I assume.

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. Is it also true that the first point under the nine points, which is exhibit 22, was carried out; namely, the money for the 500 TOWs was paid and a hostage, Mr. Jacobsen, was released?

Mr. **Hakim**. That is correct, sir.

Mr. **Liman**. And the nine points provided that money would be paid to you because the Iranians trusted you, as you said, and it was paid to the enterprise account, correct?

Mr. **Hakim**. Correct, sir.

Mr. **Liman**. And indeed, did I understand that the Iranians gave you a check? You filled in the account information and the amount for them and they signed it?

Mr. **Hakim**. That is correct, sir.

Mr. **Liman**. Now, you testified on Mr. Nields' questioning that in connection with the pricing arrangements on the first channel shipments, you were not involved in setting the price to Ghorbanifar or the Iranians; is that correct?

Mr. **Hakim**. That is correct, sir.

Mr. **Liman**. And you testified that the profit or the income, the difference between what your enterprise was charged by the CIA and what you received from Ghorbanifar was to be used to primarily assist the Contras to do other projects that North might ask for, and to provide financial backbone or capital for the enterprise to continue. Is that so?

Mr. **Hakim**. That is correct, sir.

Mr. **Liman**. And indeed that chart, exhibit 1, more or less was an attempt to rationalize that structure. Correct?

Mr. **Hakim**. Correct, sir.

Mr. **Liman**. With the different companies that are listed there, being companies that would be used to assist the Contras or to do other projects and with the reserve that is shown all the way on the right, being the capital to allow the enterprise to continue; is that correct?

Mr. **Hakim**. That is correct, also, sir.

Mr. **Liman**. Now, by the time you got to this shipment of 500 TOWs for the second channel in October 1986, beginning of November 1986, you were aware, were you not, that Congress had appropriated $100 million for the Contras; is that correct?

Mr. **Hakim**. I was.

Mr. **Liman**. And that, therefore, your enterprise was no longer going to be providing any financial support out of the future Iranian transactions for the Contras?

Mr. **Hakim**. Not more than what we might have had as liabilities.

Mr. **Liman**. From the past operations?

Mr. **Hakim**. Past operations, yes.

Mr. **Liman**. Now, the pricing for the second channel was less for the TOWs than it was for the TOWs that were sold through the first channel. Were you aware of that?

Mr. **Hakim**. Yes, I became aware of that.

Mr. **Liman**. Now, who actually fixed the price for the Iranians for the 500 TOWs that were shipped in the second channel?

Mr. **Hakim**. My understanding was that General Secord did so.

Mr. **Liman**. And when you say it was your understanding——

Mr. **Hakim**. He coordinated that and he handled it.

Mr. **Liman**. Well, was it your understanding that he cleared that with North?

Mr. **Hakim**. I can reach to that conclusion. I don't know.

Mr. **Liman**. Were you present at the meeting in which General Secord fixed the price?

Mr. **Hakim**. I don't recall such a meeting.

Mr. **Liman**. Was one of the reasons that the price was fixed at a lower price than you charged—by you I mean Secord and the enterprise—that you charged Ghorbanifar was because you did not need the same amount of money to take care of the Contras?

Mr. **Hakim**. I really don't know. That is a logical assumption.

Mr. **Liman**. OK.

Mr. **Hakim**. Another assumption probably could be a political motivation to give credibility to the second channel.

Mr. **Liman**. Well, you also had a political motivation or the United States had a political motivation in dealing with the first channel to have a degree of good will, too, right?

Mr. **Hakim**. Yes.

Mr. **Liman**. We wanted the hostages back and we also wanted to have a door open to normal relations with Iran, correct?

Mr. **Hakim**. That is correct.

Mr. **Liman**. Now, can you tell us whether any intelligence was passed to the second channel?

Mr. **Hakim**. The answer is yes, but I cannot——

Mr. **Liman**. I don't want you to describe it, I can assure you.

Mr. **Hakim**. No, I don't know really whether there was intelligence or not.

Mr. **Liman**. Did it purport to be intelligence?

Mr. **Hakim**. Yes.

Mr. **Liman**. Were the Iranians told that it was intelligence?

Mr. **Hakim**. Yes.

Mr. Liman. And if it turned out to be something that was not accurate, you would agree that that could jeopardize the relationship with the Iranians and the hostages, is that so?

Mr. Hakim. Very much so.

Mr. Liman. And you have indicated that in your experience in dealing in Iran that the Iranians put a lot of reliance on personal trust, is that so?

Mr. Hakim. Very correct.

Mr. Liman. And you emphasized that to Colonel North and to Cave and all the other people you were dealing with?

Mr. Hakim. Definitely.

Mr. Liman. Now, who actually passed this whatever it was, what purported to be intelligence, to the Iranians?

Mr. Hakim. Mr. Liman, you asked the question in a general form.

Mr. Liman. Let me be more specific. In connection with the second channel, who transmitted what was described as intelligence to the Iranains?

Mr. Hakim. To the best of my recollection, Mr. George Cave.

Mr. Liman. And was this at a meeting that you attended?

Mr. Hakim. There was I believe—I believe there were two occasions that I was also present.

Mr. Liman. Was one of them in the Washington meeting?

Mr. Hakim. Yes.

Mr. Liman. And another one was abroad?

Mr. Hakim. Yes, sir.

Mr. Liman. And was Colonel North present?

Mr. Hakim. I am not quite sure about the Washington meeting if Colonel North was present—as a matter of fact I recall that he was not. He had to take a break for a few hours and I believe I was present, Mr. Cave, and the Iranian representative.

Mr. Liman. And what about General Secord?

Mr. Hakim. He was in the building but he did not attend this.

Mr. Liman. On the second occasion or the other occasion outside the country, who was present when Mr. Cave passed the intelligence?

Mr. Hakim. I believe all of us, Colonel North, Mr. Cave, General Secord, the Iranian representative and myself.

Mr. Liman. OK.

Now, you testified that during that meeting you attended with the first channel in Frankfurt, that General Secord was described as General Adams.

Mr. Hakim. That is correct, sir.

Mr. Liman. In dealing with the second channel was he called General Adams or General Secord?

Mr. Hakim. General Secord.

Mr. Liman. Now, everyone understood in these dealings that you were a private businessman and that you were interested in profit. You told us that and I can tell you that the documents indicate that you so described yourself during these discussions.

Mr. Hakim. In addition to helping out with the mission.

Mr. Liman. Was General Secord represented as still being in the government?

Mr. **Hakim**. I am not quite sure if there was any focus on that. I think it was left to the imagination of the Iranians.

Mr. **Liman**. But he was called general?

Mr. **Hakim**. Yes.

Mr. **Liman**. And if you were to define who was purporting to act as the head of the delegation in dealing with the Iranians, would it have been you, Colonel North, or General Secord?

Mr. **Hakim**. Colonel North.

Mr. **Liman**. Now, can you look at a document that is in the book as exhibit 40? I placed actually a copy at your table.

Mr. **Janis**. Mr. Liman, the original exhibit 40 had parts blocked out. The copy that we have is not blocked out.

Mr. **Liman**. That is why I gave you that, so that he would be able to see the whole document as he produced it.

Do you recognize exhibit 40 as one of the documents that you produced for our committee?

Mr. **Hakim**. Yes, I do.

Mr. **Liman**. And speaking of these documents, these are documents that you placed under seal in Switzerland after the disclosures in November, am I correct? These were documents that were——

Mr. **Janis**. Mr. Liman, this particular document was not one of the ones placed under seal, but you are correct that, just to make the record clear, early in this matter in December of 1986, when Mr. Hakim and I were in Geneva, documents were delivered to Mr. Hakim by CSF in order to—since it was apparent to me that these documents were of evidentiary significance, I took the steps or I undertook the steps and Mr. Hakim undertook the steps to take these documents, some of which were classified, place them under seal with a court official in Switzerland to make sure that the integrity of the documents was preserved.

Mr. **Liman**. And those documents have been produced to us?

Mr. **Janis**. That is correct.

Mr. **Liman**. Documents that Mr. Hakim had in his California office were produced to us?

Mr. **Janis**. That is correct, as well.

Mr. **Liman**. Am I correct that Mr. Hakim gave directions to CSF to produce the financial records to us?

Mr. **Janis**. That is also correct.

Mr. **Liman**. And many, many records were delivered to us?

Mr. **Janis**. That is correct.

Mr. **Liman**. When you said that some of the documents that were in Switzerland were classified, I think the record indicates you never had to go through the clearance procedure, right?

Mr. **Hakim**. That is what I said.

Mr. **Liman**. You were appointed by Colonel North, you were given the mission along with General Secord, by Colonel North, and the documents that you received, which were classified documents, are not documents that you stole; they are documents that were given to you?

Mr. **Hakim**. That is correct.

Mr. **Liman**. Now, if you look at 40, whose writing is this?

Mr. **Hakim**. There are two handwritings.

Mr. **Liman**. On the first page?

Mr. **Hakim**. The top portion appears to be General Secord's handwriting, and the lower portion Colonel North's.

Mr. **Liman**. When you say the lower portion, we are looking at the first page. It begins "As?"

Mr. **Janis**. He was looking at the first page of the original exhibit. You are talking about——

Mr. **Liman**. The list.

Mr. **Janis**. Fine.

Mr. **Liman**. Whose writing is that, it begins with "As?"

Mr. **Hakim**. This appears to be General Secord's handwriting.

Mr. **Liman**. And do you recall when it was that that document was created?

Mr. **Hakim**. I believe—I cannot be certain—I believe this document was created at the same time the parties were getting ready to depart, and General Secord also gave me his input.

Mr. **Liman**. Now, when you say "depart," there were a number of meetings. Was this the Washington meeting?

Mr. **Hakim**. No, sir.

This refers to the meeting that finally led to my having the discussion with the Iranians regarding the development of the nine points.

Mr. **Liman**. So this was the meeting in Germany?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. Now, if you look at it, it says on one of the points, "As I said in Brussels, we will fight Russians in Iran in case of invasion with or without the Government of Iran's assistance." Who is the "I;" is that Secord?

Mr. **Hakim**. It says United States.

Mr. **Liman**. That is United States——

Mr. **Hakim**. United States will.

Mr. **Liman**. The United States will fight the Russians, not——

Mr. **Hakim**. That is my understanding, yes.

Mr. **Liman**. And the "I" who is saying this to the Iranians is General Secord?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. And were you present when he was committing to the Iranians that we would go to war with the Russians if they invaded Iran?

Mr. **Hakim**. The way I recall this, Mr. Liman, it was a bargaining method that General Secord used to get the attention of the Iranians.

Mr. **Liman**. But you told us earlier that one of the problems with the first channel was that Mr. Ghorbanifar was always promising more than he could deliver; is that correct?

Mr. **Hakim**. That is correct.

Mr. **Liman**. And you had warned General Secord and Colonel North that it was important to deal straight with the Iranians; is that so?

Mr. **Hakim**. That was when I got to know the people of the second channel, yes.

Mr. **Liman**. And you were there when General Secord was making these kinds of statements and giving these kinds of assurances to representatives of the Iranian Government?

Mr. **Hakim**. I was there. This was the first meeting.

Mr. **Liman**. And if you go down to the next sentence, that is also in Secord's handwriting, am I correct?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. And am I also correct that Secord wrote and said to the Iranians, we will cooperate to depose the leader, the President of Iraq, is that what he was saying?

Mr. **Hakim**. As I mentioned, he left these with me to use as ideas for patching up things.

Mr. **Liman**. Well, I mean was it you who was saying that we will cooperate to depose——

Mr. **Hakim**. No, General Secord wrote this.

Mr. **Liman**. And it was General Secord who also said it, wasn't it? Did he say it to the Iranians or did he not?

Mr. **Hakim**. I think it was more than General Secord. If I recall correctly, it was the attitude of the total delegation.

Mr. **Liman**. By that you mean Colonel North——

Mr. **Hakim**. As well as Mr. Cave and General Secord.

Mr. **Liman**. Now is the "we"—we will cooperate—is that the enterprise or is that again the United States of America?

Mr. **Hakim**. My understanding is the United States.

Mr. **Liman**. Did you find it surprising that General Secord, a private citizen, and a lieutenant colonel, and a retiree or an annuitant, as they call them, of the CIA, could, without any congressional approval, or anything more that you knew of, make these kinds of representations to the leader of the Iranian delegation?

Mr. **Hakim**. My impression, Mr. Liman, was from the very beginning that the President of the United States was supporting this mission. It was cleared with him. And in my mind I can't go further than the President's authorities, and I didn't judge the policy of the President.

Mr. **Liman**. But in fairness, you got that impression because Colonel North dropped the name of the President and because he had the kind of access in the White House that he had, and because he could deliver the TOWs and the HAWKs and the other things that were promised, right?

Mr. **Hakim**. Yes.

Mr. **Liman**. It wasn't because General Secord told you that he met with the President, because he has made it clear that he didn't.

Mr. **Hakim**. That is correct, sir.

Mr. **Liman**. One last topic on this subject of the second channel, and I don't want to draw this out or get into any names, but how many financial intermediaries were there that you had to make commitments to, financial commitments to, in order to open up the second channel?

Mr. **Hakim**. Three or four that I had direct contact with, and I am aware that one in particular has been referred to as No. 1 during the deposition—he has commitments to a number of other people.

Mr. **Liman**. So to use a parlance that I was familiar with before I came down here, you sort of syndicated this deal with Number 1? He cut in a lot of other participants?

Mr. **Hakim**. I believe I testified that we had to get the support of more than one faction.

Mr. Liman. Have you been confronted with demands that you pay up.

Mr. Hakim. Very much so.

Mr. Liman. Threats?

Mr. Hakim. Mildly put.

Mr. Liman. And that is because the intermediaries are telling you that they delivered, but the United States isn't recognizing these nine points as something that was authorized?

Mr. Hakim. The people, the way they look at it is that they opened the channel as they promised. If we did not take advantage of it, it is not their fault.

Mr. Liman. You said that you had to in order to open the channel deal with a number of factions.

Mr. Hakim. Yes, sir.

Mr. Liman. You are aware now of course that the U.S. Congress' Intelligence Committees were not told of this initiative?

Mr. Hakim. Now, I am.

Mr. Liman. And you are aware that they weren't told of the services and the work that you were performing in opening it up?

Mr. Hakim. Yes, sir.

Mr. Liman. In that context, I think that the members of these committees would be interested in knowing how many factions in Iran were really advised of this initiative at the time that it was being kept from the Congress and about, according to your best estimate, how many Iranians you would estimate were knowledgeable of it.

Mr. Hakim. I cannot answer the last portion of your question, but I believe at least two factions were approached.

Mr. Liman. Is that in both the first and second channel or if you include the first channel, is it more than two factions?

Mr. Hakim. Well, I am not discussing the first channel at all.

Mr. Liman. So it is two factions in your channel, plus whatever factions were informed in the first channel initiative?

Mr. Hakim. But the second channel did not approve of the people that were being used in the first channel.

Mr. Liman. But the point is they were different people.

Mr. Hakim. Different people, yes, sir.

Mr. Liman. And, therefore, in addition to the people who were privy to this in the second channel, there were people who were privy to it in the first channel?

Mr. Hakim. Yes, sir.

Mr. Liman. So this was, in terms of Iran, was not exactly a closely guarded secret?

Mr. Hakim. As far as those different factions were concerned, you are right.

Mr. Liman. Now, as the last topic, I would like to touch on the relationship with General Secord, and I will try to do it as briefly as possible.

Mr. Janis. Excuse me, Mr. Liman. Before you begin, can we have another exhibit book? Ours for the attorneys only goes up through 25 or 26, I believe. I would appreciate it. I think you are going to get into some exhibits that we only have one copy of.

Mr. Liman. It should go through exhibit 41.

Mr. Janis. We have 1 through 43. Thank you.

Mr. **Liman**. Mr. Hakim, you placed the conversation with General Secord in which he purported to forswear or waive his interest in the profits as taking place in or around the summer of 1985; do you recall that?

Mr. **Janis**. I don't think that is his testimony, Mr. Liman.

Mr. **Hakim**. I don't believe so.

Mr. **Liman**. Well, when do you place it?

Mr. **Hakim**. I believe I testified during the deposition early 1986, if I am not mistaken.

Mr. **Liman**. I think that you actually placed it in 1985, and I can give you the dates, but what I am interested in is not what you said then, but really what your best recollection is now. I am sorry—I have misspoken. It was Secord who placed it in the summer of 1985. You placed it in 1986.

Mr. **Hakim**. That is correct, yes, sir.

Mr. **Liman**. So that you each have a different date for when this conversation allegedly took place, correct?

Mr. **Hakim**. It so appears.

Mr. **Liman**. There was no written documentation of the waiver, is that correct?

Mr. **Hakim**. That is correct, sir.

Mr. **Liman**. And after this conversation took place, you continued the same pattern of profit distribution that existed before?

Mr. **Hakim**. That is correct.

Mr. **Liman**. You continued to allocate to the Korel account, you have testified to that.

Mr. **Hakim**. That is correct.

Mr. **Liman**. And is it also true that from time to time you and General Secord would go to CSF and inspect some records there?

Mr. **Hakim**. That is true.

Mr. **Liman**. And would you look at records that showed the bottom line of these different accounts?

Mr. **Hakim**. That is correct.

Mr. **Liman**. And among the records that you looked at that showed the bottom line were Korel and SciTech.

Mr. **Hakim**. Yes.

Mr. **Liman**. Is it also correct that at no time during those inspections General Secord said to you, "Take this money out of Korel and put it back into your own account"?

Mr. **Hakim**. You are right.

Mr. **Liman**. We have given you an exhibit book that shows various withdrawals of money that were charged to the Korel account, and they appear as exhibit 29. There is a 29, and then there is also one that appears as 42(a). Let's do 42(a) first.

If you look at 42(a), the only question that I want to put to you on these which are——

Mr. **Hakim**. Mr. Liman, I don't appear to have a 42(a). I have a 42.

Mr. **Liman**. Forty-two—if you look at the different documents in this, would you tell me whether these—where they have a signature of Secord—are his signature as you recognize it?

Mr. **Hakim**. The first document, it is a very bad photocopy—it resembles quite a bit Mr. Secord's signature.

Mr. **Liman**. And if you look at the document, that document relates to a $22,000 check, and you will see that the Republic Bank in the second document issued the check for $22,000 to General Secord. Do you see that?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. And the Republic Bank was the bank that CSF used in New York for holding money and disbursing money for various clients, including the enterprise?

Mr. **Hakim**. That is correct, sir.

Mr. **Liman**. Now, if you look at the next document, which is a document that reflects the withdrawal of $7,000, that is a Credit Suisse document—do you see the Secord name written there? It is a debit notice?

Mr. **Hakim**. I see a signature. Are you referring to that?

Mr. **Liman**. Yes. Is that his signature?

Mr. **Hakim**. It appears to be his signature.

Mr. **Liman**. The others have signatures, and I am not going to take the time to go over them.

Exhibit 29-A reflects a withdrawal which was charged to General Secord's account for $31,817 to Khalid Rashid. Are you familiar with that transaction?

Mr. **Hakim**. Yes I am, sir.

Mr. **Liman**. And does that transaction reflect the purchase of a Porsche automobile by General Secord?

Mr. **Hakim**. Yes it does.

Mr. **Liman**. And that was a car to be used for personal use, not for the Contras, correct?

Mr. **Hakim**. That is the right conclusion.

Mr. **Liman**. If you will look at exhibit 28, the series beginning 28-A, B, and C, that reflects a check to be issued to Secord for $52,500 in October 1985, which is after the date that General Secord places his waiver. Are you familiar with that transaction?

Mr. **Hakim**. Is this part of the commission distribution that we—the document that I have shows only the Korel assets.

Mr. **Liman**. If you look at the next documents it shows a check for $52,500. If you look at 28-C, actually you can see the check on Republic to Mr. Secord. Do you see that, and you see his endorsement on the check?

Mr. **Hakim**. I also see the name of Stanford Technology Trading Group on it, sir.

Mr. **Liman**. There is another document that follows it which reflects the—should be—that reflects, and we have other documents and they are next to it that reflects the deposit into his personal account, if you look at the one after it.

We can bring you an original—are you familiar with the transaction?

Mr. **Hakim**. No, I am not.

Mr. **Liman**. Do you recall at all being asked by General Secord to disburse this $52,500 from the Korel account to him?

Mr. **Hakim**. I cannot remember that.

Mr. **Liman**. Maybe I can refresh you. Do you recall any occasion when he told you he wanted to buy a plane for his personal use, a Piper Seneca?

Mr. **Hakim**. Yes.

Mr. LIMAN. And do you recall disbursing money from Korel for that purpose?

Mr. HAKIM. I remember the transaction. I do not recall how CSF handled it.

Mr. LIMAN. OK. In addition to these transactions, is it fair to say that you disbursed from the enterprise money to be invested in partnerships between you and Mr. Secord?

Mr. HAKIM. You are referring to STTGI moneys that were transferred to STTGI?

Mr. LIMAN. I am referring to the fact that you transferred $150,000 from the enterprise to a company called TriAmerican.

Mr. HAKIM. Yes.

Mr. LIMAN. And TriAmerican was a partnership in which you and General Secord were participating, correct?

Mr. HAKIM. That is correct.

Mr. LIMAN. And you disbursed $150,000 at General Secord's request, is that correct?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And this was an investment indeed that was found by a man by the name of Marostica?

Mr. HAKIM. A series of investments, yes.

Mr. LIMAN. And Marostica is a man who Secord found or Marostica found Secord, but it was a Secord connection, correct?

Mr. HAKIM. That is correct.

Mr. LIMAN. So Marostica presented a series of investments to General Secord, am I correct?

Mr. HAKIM. Through a mutual friend, yes.

Mr. LIMAN. Through a mutual friend, but through that friend to General Secord?

Mr. HAKIM. Correct.

Mr. LIMAN. And General Secord treated you as a partner in these investments?

Mr. HAKIM. That is correct.

Mr. LIMAN. And he asked you to disburse the money from the enterprise that you needed to have as earnest money for these investments, is that correct?

Mr. HAKIM. I don't recall whether he asked me to disburse it from the enterprise, but I do recall that he asked me to make the funds available.

Mr. LIMAN. And you did make them available from the enterprise?

Mr. HAKIM. Yes.

Mr. LIMAN. Did Mr. Secord have money anywhere else that you controlled other than in these accounts of the enterprise?

Mr. HAKIM. I am not sure I understand the question.

Mr. LIMAN. Well, did you control any other money of General Secord other than what was in these accounts of the enterprise being managed by CSF?

Mr. HAKIM. No, sir.

Mr. LIMAN. Now, one of the transfers was $150,000.

Mr. HAKIM. Yes, sir.

Mr. LIMAN. That was to be invested in the machine gun company and in the food processing company?

Mr. HAKIM. And I believe also a timber project, yes.

Mr. **Liman**. Do you recall that there was a separate transfer, and it is shown in exhibit 37, of $100,000 to the timber transaction?

Mr. **Janis**. Did you say exhibit 37?

Mr. **Liman**. I believe so, but let me check.

Look at exhibit 37. Do you recall investing $100,000 in the timber transaction on behalf of you and General Secord?

Mr. **Hakim**. I remember the transaction, Mr. Liman, but not necessarily by referring to this exhibit.

Mr. **Liman**. You remember disbursing the $100,000.

Mr. **Hakim**. Yes, I do.

Mr. **Liman**. And you remember you disbursed it to a firm in Seattle which was representing you in the transaction?

Mr. **Hakim**. A law firm, yes.

Mr. **Liman**. Now, if you look at this exhibit—first, am I correct that this was another one of these Marostica deals?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. And did you testify to us—it is the May 23 deposition, but I don't think that you are going to need it to refresh your recollection—that the timber deal was a fascinating issue that we were going to put in $100,000 and end up with millions of dollars in no time?

Mr. **Hakim**. I also remember thinking it was too good to be true.

Mr. **Liman**. But that is the way it was presented to you.

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. Now, if you look at——

Mr. **Janis**. Mr. Liman, just to make it clear, I think the rest of that transcript as I recall it, Mr. Hakim said that he was skeptical initially and he thought that it really didn't make sense.

Mr. **Liman**. I understand that, but you were willing to put $100,000 up because this was a project that your partner really was favorably inclined to despite your skepticism?

Mr. **Hakim**. Well, he thought it was something that we should follow up and I believe that I generated at a later date a plan of action that step No. 1 required for me to arrange for a total investigation and I, indeed, did investigate that with the help of Mr. Zucker.

Mr. **Liman**. But $100,000 is not pocket money even for you, you would agree with that?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. And you put $100,000 up despite your skepticism.

Mr. **Hakim**. With the lawyer.

Mr. **Liman**. And did you put the $100,000 into this deal because it was recommended to you by someone?

Mr. **Hakim**. You are correct, sir.

Mr. **Liman**. And who was the person who you were relying on in that recommendation?

Mr. **Hakim**. General Secord.

Mr. **Liman**. Now, the transaction, if you look at exhibit 37, which is a letter from the Seattle firm to Zucker, refers to the fact that there was going to be a $5 million loan by CSF in connection with the transaction so that it appears that there was going to be a—well, a $100,000 equity investment and then a very, very big loan, very leveraged transaction.

Does that ring any bell with you?

Mr. **Hakim**. Yes, yes, it does. The reason I say it was too good to be true, we were brought into this by believing that the investment required would be only $100,000, but that as we started to talk to the principals, the land bank, the story completely changed in this report indicating what the position of the other party was.

Mr. **Liman**. And if you look at the third page in this exhibit, it is a consent to action of shareholders and on the fourth page, your signature appears along with Secord and Royer; am I correct?

Mr. **Hakim**. That is correct.

Mr. **Liman**. And this referred to the—if you look at it, it referred to the fact that there would be a subscription price of $1,500,000 in cash; do you see that?

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. Now, the question that I am putting, was this money that was going to be advanced by CSF going to be coming out of the enterprise?

Mr. **Hakim**. We talked to CSF about giving us a loan. CSF's attitude and position was that they were going to use the money in the enterprise as collateral, but this never happened.

Mr. **Liman**. And it never happened because when you finally finish the investigation you concluded that this was a not good deal.

Mr. **Hakim**. Or a real deal.

Mr. **Liman**. Realistic deal.

Mr. **Hakim**. Yes.

Mr. **Liman**. Now, if you—you also testified about the fact that on the original Calero transactions, the Contra arms transactions, General Secord told you that the enterprise wouldn't receive a normal markup and that you would have to operate with a much lower percentage; is that correct?

Mr. **Hakim**. I remember that.

Mr. **Liman**. And you have also indicated that you, yourself, were not involved in the pricing of the arms to Calero; is that so?

Mr. **Hakim**. That is so.

Mr. **Liman**. Nor were you involved in their procurement?

Mr. **Hakim**. That is correct.

Mr. **Limam**. And the procurement was handled by General Secord, either with the Canadian company, or with Mr. Clines; is that so?

Mr. **Janis**. Excuse me.

[Counsel conferring with witness.]

Mr. **Liman**. If you——

Mr. **Hakim**. Mr. Liman, I believe during the deposition I mentioned that I had a minor role in the first transaction with the Canadian firm, that I paid a visit to the Portugese company to assess them. Outside of that I had no further role.

Mr. **Liman**. Did you play any role in fixing the prices?

Mr. **Hakim**. No, sir.

Mr. **Liman**. Now, do you recognize exhibit 30 as one of the documents that you produced for us?

Mr. **Hakim**. It was among one of the documents that I produced to you.

Mr. **Liman**. And in this case do you recognize that this is one of the documents that was under seal in Switzerland?

Mr. HAKIM. I believe so, sir, yes.

Mr. LIMAN. Whose writing is the first page in, if you know?

Mr. HAKIM. It is very close to General Secord's handwriting, but I cannot be as sure as I was when I was looking at other documents. It is a little bit——

Mr. LIMAN. Who gave you this document?

Mr. HAKIM. To the best of my recollection, General Secord.

Mr. LIMAN. Now, this document relates to what we have called "Airlift 1" to Calero, and there is another document that has been introduced that reflects these items. If you look at the first page.

Am I correct that purchase cost was $188,300? That what's listed there as the total cost?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And that the selling price was $307,200?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And I can tell you that that price corresponds with Calero records.

And the profit was $118,900?

Mr. HAKIM. This is what this document shows, yes.

Mr. LIMAN. And on top of that were you aware that Mr. Calero was being billed for the freight and insurance?

Mr. HAKIM. I don't know sir.

Mr. LIMAN. Well, I will represent to you that that is what the Calero records show.

Mr. HAKIM. OK, sir.

Mr. LIMAN. Were you aware that the lower than usual markup on this transaction amounted to approximately 61 percent excluding the transportation costs which were billed through?

Mr. HAKIM. By just looking at this one particular document, your calculation is correct, but I don't know whether this is a complete picture.

Mr. LIMAN. That this is what?

Mr. HAKIM. I am not sure whether this is the complete picture.

Mr. LIMAN. Well, this is the document that you produced on "Airlift 1," and it corresponds with every other record we have on "Airlift 1."

Mr. HAKIM. I understand that, but what I am saying is it was amongst the documents that General Secord had given me. I had not studied it and the document was, he had showed to the committees, and we didn't have even the time to examine it.

Mr. LIMAN. Well——

Mr. HAKIM. I don't doubt your information.

Mr. LIMAN. If I were to compute the percentage as a percentage of the selling price it comes out to something like 38.4 percent, a markup above cost of 61, and the profit as a percentage of selling price was something in the neighborhood of 38 percent?

Mr. HAKIM. Fine.

Mr. LIMAN. And I take it that you did not fix those markups.

Mr. HAKIM. That is correct.

Mr. LIMAN. Now, if you look at the last page. Was that given to you by General Secord?

Mr. HAKIM. Yes, sir. You are talking about H-02592, right?

Mr. LIMAN. Yes.

Mr. HAKIM. Yes, sir.

Mr. **Liman**. And I will state for the record that that pertains to Sealift Number one to Calero.

If you look at it—am I correct it reflects a cost of $1,231,000? Is the problem that it has been punched through?

Mr. **Hakim**. Right. That is right.

Mr. **Liman**. I will give you the numbers. The cost was $1,231,000, the price, selling price exclusive of the transportation. Inclusive of the transportation costs was $1,838,525, inclusive of 175,000 of prepaid freight.

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. And the profit was $606,725?

Mr. **Hakim**. That——

Mr. **Liman**. That may be punched through on your copy, but that is what it shows.

Mr. **Hakim**. Yes.

Mr. **Liman**. And were you aware at the time that the mark-up was something in the neighborhood of 50 percent on this transaction?

Mr. **Hakim**. No, sir. All along I was under the impression that the markup was around 30 percent.

Mr. **Liman**. And if you computed the profit margin by just a percentage of what the selling price was, it is about a third on this one?

Mr. **Hakim**. In other words——

Mr. **Liman**. If I took the selling——

Mr. **Hakim**. From the top.

Mr. **Liman**. From the top.

Mr. **Hakim**. From the top, yes.

Mr. **Liman**. Again, the prices here were fixed by Secord?

Mr. **Hakim**. Yes.

Mr. **Liman**. And the exhibit—I will just state for the record—look at exhibit 32. That is another one of the records that you produced for us from the records that were sealed in Switzerland?

Mr. **Janis**. Mr. Chairman——

Mr. **Liman**. I will represent to you that that is where we got them.

Mr. **Hakim**. OK, sir.

Mr. **Janis**. I am not sure this is one that was produced from under seal, but I do recognize the document, too.

Mr. **Liman**. Do you recall it was produced with the records that were just preceding it? All of the information on your arms transactions were produced to us at the same time from the same source. Doesn't that refresh your recollection that they were sealed by you in Switzerland?

Mr. **Hakim**. There were two sets of documents produced—one set sealed and another set was not—the same day, yes.

Mr. **Liman**. And did General Secord give you these records? What they reflect is what Defex in Portugal charged Trans World for the arms involved in Airlift 1——

Mr. **Janis**. I don't think that is——

Mr. **Hakim**. I don't think we are looking at the same document.

Mr. **Janis**. Exhibit 32 is a memorandum——

Mr. **Liman**. Exhibit 31, sorry.

Mr. **Hakim**. That is better.

Mr. LIMAN. Do you have that?

Mr. HAKIM. Yes.

Mr. LIMAN. Do you recognize those?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. They were given to you by General Secord?

Mr. HAKIM. I believe so.

Mr. LIMAN. And did you understand that they reflected the price that Defex was charging Trans World for the arms that you bought from Trans World and shipped to Calero?

[Witness conferring with counsel.]

Mr. HAKIM. Mr. Liman, this is part of the set of documents that were kept under seal by the court official in Switzerland, and I did not get to see this until it was produced during our last deposition.

Mr. LIMAN. You didn't study them at the time?

Mr. HAKIM. No, sir.

Mr. LIMAN. At the time they were given to you by General Secord.

Mr. JANIS. Excuse me, Mr. Liman, I think what he is saying is that these documents were given to him by CSF, and they were placed under seal in Switzerland. I don't think he is saying they were——

Mr. LIMAN. What is the fact? I am not interested in something that is not accurate. CSF gave you these documents?

Mr. HAKIM. I am taking this for granted that the deposition is known to everyone; during the deposition, I said that we did not study the package that was sent to us by CSF and immediately that they put it under seal.

Mr. LIMAN. But did you get this—were these records records that came from Secord?

Mr. HAKIM. Originally came from Secord.

Mr. LIMAN. Originally from Secord.

Mr. HAKIM. Left with CSF; at the request of my Swiss attorney, it was sent to us, and we kept it under seal.

Mr. LIMAN. Mr. Chairman, I will just simply note for the record that these records reflect that the price to Trans World for the arms on airlift 1 was a net price of $137,000, that the price to Mr. Secord and Mr. Hakim's company was $188,000, and the price to Calero was $307,000, and we thank you for providing us with these records, because we did not have them before in this form.

Mr. HAKIM. You are welcome, Mr. Liman, but I have one question. Did you say 137,000? The document I am looking at says 152,500.

Mr. LIMAN. But there was a rebate on that of $15,000. That is how we netted it out at 137.

Mr. HAKIM. OK, sir.

Mr. LIMAN. One last transaction that you testified on involved what you called the stranded shipment.

Mr. HAKIM. I recall that.

Mr. LIMAN. That was a shipment—that was a transaction in which the profit was allocated on August 27, 1986.

Mr. HAKIM. Correct.

Mr. LIMAN. That is well after the date on which either you recall or Secord recalls any discussion in which he purported to relinquish his interest. Correct?

Mr. HAKIM. Yes.

Mr. LIMAN. And just so that it is clear, what that involved was that these were munitions that were paid for out of the enterprise with a view toward shipping them to the Contras, correct?

Mr. HAKIM. Correct.

Mr. LIMAN. And when you reviewed your records originally with us, you thought that the price was $1.7 million. I gather after looking at more records, you indicated on your examination by Mr. Nields that the price was somewhere over $2 million, $2.1 million, or something like that?

Mr. HAKIM. That is correct, because there was a down-payment.

Mr. LIMAN. Now, on this transaction, just tell me if what I understand happened is correct; that Mr. Clines said that this was going to be your last shipment to the Contras, correct?

Mr. HAKIM. Mr. Clines and myself both.

Mr. LIMAN. And that was because Congress had now voted to allow the United States to get back into direct support of the Contras on military aid?

Mr. HAKIM. That is correct.

Mr. LIMAN. And, therefore, both you and Clines took the position that you ought to maximize your profit on this last transaction?

Mr. HAKIM. That is correct.

Mr. LIMAN. Now, the decision on whether this should be done was left to Mr. Secord?

Mr. HAKIM. That is correct, but I also testified that in general he disagreed with our attitude.

Mr. LIMAN. But in the end——

Mr. HAKIM. He made the decision.

Mr. LIMAN. And the decision was that you could maximize your profit?

Mr. HAKIM. I did not do the calculations, sir. I so testified.

Mr. LIMAN. You didn't do the calculation then, you testified. You have done it now, haven't you, with us?

Mr. HAKIM. Yes.

Mr. LIMAN. And you understand that this maximization of profit consisted of depositing in the profit accounts of you and General Secord and Mr. Clines and—was it SciTech——

Mr. HAKIM. SciTech.

Mr. LIMAN. An amount of $861,000?

Mr. HAKIM. I believe that is the correct amount.

Mr. LIMAN. So somewhere in the neighborhood of 40 percent of the cost of the weapons was deposited in the profit accounts?

Mr. HAKIM. Based on those payments that we could identify, based on the 2.1.

Mr. LIMAN. And then—this was done on August 27, 1986?

Mr. HAKIM. That is correct.

Mr. LIMAN. And so the $861,000 was split up so that you got 30 percent of it, General Secord got 30 percent of it in his account, Mr. Clines got 30 percent and SciTech got 10 percent?

Mr. HAKIM. Out of fairness to General Secord I must say that I testified that I did not change my pattern, my testimony says effectively what you are saying is correct, Mr. Liman.

Mr. LIMAN. I want it to be accurate out of fairness to General Secord and to the record. When you say effectively what I am saying is correct, did you or did you not allocate this on a 30-30-30-10 basis?

Mr. **Hakim**. That is correct.

Mr. **Liman**. And was 30 percent allocated to——

Mr. **Hakim**. Korel.

Mr. **Liman**. To Korel?

Mr. **Hakim**. That is correct.

Mr. **Liman**. And there is no doubt in your mind—let me phrase it differently. Was the money in Korel money that was allocated to General Secord?

Mr. **Hakim**. That is how we started.

Mr. **Liman**. And did General Secord know that Korel was the company in which his money was being deposited?

Mr. **Hakim**. Correct.

Mr. **Liman**. And when you reviewed the records you reviewed records that showed what the balance was in Korel, is that correct?

Mr. **Hakim**. We went over that, yes, that is correct.

Mr. **Liman**. And when General Secord approved maximizing the profit on the last transaction, was he told what the number was that you were going to take as profit and split among these accounts?

Mr. **Hakim**. I am afraid I don't understand the question. Was he told by whom?

Mr. **Liman**. You said that the decision on maximizing the profit was left to General Secord.

Mr. **Hakim**. Yes.

Mr. **Liman**. And that he ultimately decided that you should do it, correct?

Mr. **Hakim**. The figures so show, yes.

Mr. **Liman**. The figures just show that it was done.

Mr. **Hakim**. Mr. Liman, if I recall correctly, I testified that I was not around when this decision was made.

Mr. **Liman**. Well, who would have given—who was authorized besides you at this point to tell CSF how to distribute this profit?

Mr. **Hakim**. That is exactly what I am saying. I said I did not change my pattern. I must have told CSF to distribute it as we have been doing it, 10, 30, 30, 30.

Mr. **Liman**. And did you do it?

Mr. **Hakim**. Yes.

Mr. **Liman**. After you were told by General Secord that it was okay?

Mr. **Hakim**. Yes, I did, yes, yes.

Mr. **Liman**. And—I mean, I don't want to push you into an answer that isn't correct. Is that correct?

Mr. **Hakim**. That is correct, but the point that I am trying to bring out is that I am not sure whether General Secord knew what I was doing. That is the only point that I am trying to bring out. He must have told me what the amount was and I told CSF to distribute it as before. That is the only issue that I am trying to add to what you have brought out.

Mr. **Liman**. Mr. Hakim, the weapons have not yet been sold, correct?

Mr. **Hakim**. I testified that I did not know that, sir.

Mr. LIMAN. Well, did you understand you were distributing the profit based on what you had just paid for the weapons or on a purchase, on a sales price?

Mr. HAKIM. My understanding was that when we purchased the weapons at that time we distributed the profit.

Mr. LIMAN. So you were distributing——

Mr. HAKIM. That is why I referred to it as a stranded shipment. I did not know how General Secord was handling the shipment.

Mr. LIMAN. So you, in effect, took a commission off of the purchase price of these weapons?

Mr. HAKIM. Yes.

Mr. LIMAN. And this was going to be a whopping commission because it was the last transaction? Or a bigger commission than the others?

Mr. HAKIM. Yes.

Mr. LIMAN. What was it that you left for General Secord to decide that's what I'd like to know?

Mr. HAKIM. I didn't leave anything for General Secord to decide. I was taking orders from him. What I am trying to say is that he was handling it. I believe that at that time I was busy with the second channel. Are we going past each other?

Mr. LIMAN. No. I am trying to find out what was the proposition that was presented to General Secord. You said that you and Clines——

Mr. HAKIM. We wanted to maximize our profit.

Mr. LIMAN. But what was it that General Secord was told and asked to decide?

Mr. HAKIM. Like I testified——

Mr. JANIS. I think he has testified that they made the recommendation to General Secord and that the decision about the amount of profit was left to him.

Mr. HAKIM. Was left to him.

Mr. LIMAN. I wanted to be sure that it was accurate on the record and that you weren't being pushed into it——

Mr. HAKIM. No, sir.

Mr. LIMAN. Is that correct?

Mr. HAKIM. I am very careful not to testify wrongly.

Mr. LIMAN. Finally, there is now presently, as I understand it, in Merrill Lynch in London some $6.67 million.

Mr. HAKIM. This is the result of our investigation of yesterday, yes.

Mr. LIMAN. And is that money blocked?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And there is another $1,400,000 in bank accounts that was not distributed as profit of the enterprise in Switzerland; is that roughly correct?

Mr. HAKIM. That is also frozen, yes.

Mr. LIMAN. And that is frozen?

Mr. HAKIM. Yes.

Mr. LIMAN. Now, you testified that when you started on the Iran initiative, none of the surplus was supposed to be for your personal financial benefit.

Mr. HAKIM. You are referring to the first channel?

Mr. LIMAN. The first channel.

Mr. **Hakim**. Yes, sir.

Mr. **Liman**. Did you have a different understanding on this profit with respect to the second channel?

Mr. **Hakim**. Yes, and I believe I testified to that.

Mr. **Liman**. And with whom did you have that understanding?

Mr. **Hakim**. I testified that everyone involved on both sides, the American and the Iranian sides, they both were aware of that.

Mr. **Liman**. Are you prepared to deed over this money to the U.S. Government?

Mr. **Hakim**. Mr. Liman, I have so many questions about this money and the enterprise in my mind that you cannot imagine. I——

[Counsel conferring with witness.]

Mr. **Hakim**. So not being able to clarify those questions in my mind, I don't think I am in a position to do so.

Mr. **Liman**. There is one acid test of whether you considered the money yours, your partner's, or whether you consider it money that belongs to the United States, and that is whether you are prepared to deed it over. I take it the answer is you are not.

Mr. **Hakim**. You are right.

Mr. **Janis**. Mr. Liman, I think I ought to interject.

Mr. **Liman**. I think he has answered the question.

Mr. **Hakim**. It is not a question of acid test. There are commitments, it is a business, you have to look at it to see who are the people involved. Definitely the U.S. Government is one of the elements. I am saying it is not a question of doing a heroic thing and passing any acid test; it is a business situation and should be treated as such.

Mr. **Liman**. One of the commitments that you are referring to, or liabilities, is the commitment to this group of intermediaries who introduced you to the second channel?

Mr. **Hakim**. Also there are bills unpaid. We haven't paid——

Mr. **Liman**. Let's talk about that one.

I know you have some other bills as well?

Mr. **Hakim**. Also myself. There are a lot of issues that are not clarified.

Mr. **Liman**. Mr. Hakim, the question is whether you expect that the U.S. Government should be paid out of proceeds of U.S. arms sales money that was necessary for you to offer to various intermediaries in order to open up a second channel.

Mr. **Janis**. Is your question, Mr. Liman, whether Mr. Hakim believes that the U.S. Government has a claim——

Mr. **Liman**. You should recognize that obligation that you made?

Mr. **Hakim**. I would like to address it differently. Definitely it is an obligation of the enterprise.

If we ever decide what the enterprise is, I believe then we can answer your question.

Mr. **Liman**. Well, I think that is a good answer. At this moment, the enterprise as you see it is still there?

Mr. **Hakim**. Effectively, yes, there is a monster sitting there with a few heads.

Mr. **Liman**. And how long do you contemplate that the enterprise will continue?

Mr. **Hakim**. It all depends on how cooperative we all can be.

Mr. LIMAN. And one of the things that you define as cooperation is satisfying obligations to the third parties; is that fair to say?

Mr. HAKIM. No. That is not what I tried to communicate. I was trying to communicate that there are legal matters involved with this.

There are different countries involved with this. And it takes cooperation on the part of all people to try to resolve this.

Mr. LIMAN. Do you not have, subject to the blocking order, power to dispose of that money?

Mr. HAKIM. I have to examine that, sir. I don't think I have——

Mr. LIMAN. I am sorry, go ahead.

Mr. HAKIM. I have not addressed this thing for a long time. I need to check to see if I can do that.

Mr. LIMAN. You expect some of that money out of these enterprise accounts for your own benefit?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. Have you defined in your own mind, how much?

Mr. HAKIM. I have bigger problems to deal with and haven't sat down to do that yet.

Mr. LIMAN. Last question—Mr. Zucker is, as you understand it, covered by Swiss secrecy laws, correct?

Mr. HAKIM. Yes, sir.

Mr. LIMAN. And he is a person who you had deal with Mrs. North who has other information that will be of some importance to this committee, you recognize that?

Mr. HAKIM. I do.

Mr. LIMAN. Are you prepared to waive your Swiss confidentiality rights with respect to Mr. Zucker?

Mr. JANIS. Mr. Liman, I am going to answer that question. The short answer is no. The longer answer is that, as we are all aware, there is an independent counsel's investigation going on parallel to the investigation of these committees.

Under those circumstances, there is no way we could even consider waiving any privilege so long as Mr. Hakim is still subject to potential prosecution. If the independent counsel were to take a different position and provide protection to my client in a manner that satisfies me was full protection, then we would be willing to revisit that issue and we might well be willing to consider the request, but at this time it is simply an academic question, and I am sure that you as an experienced criminal defense attorney understands that under those circumstances we really couldn't even consider it.

Mr. LIMAN. Mr. Chairman, I have no further questions.

Thank you.

Chairman INOUYE. The hearing will stand in recess until 10:45.

[Recess.]

Chairman INOUYE. The hearing will please come to order. The chair recognizes Congressman Jenkins.

Mr. JENKINS. Thank you, Mr. Chairman.

Mr. Hakim, I have a very short period of time, and I want to cover two or three areas. I am sure that all of the panel and members are somewhat intrigued by the channel 2 operation primarily because of our interest, not only in what has occurred in the past, but also to try to look to the future when there are other negotiations with any country, not only Iran.

So the questions, very quickly, as to channel 2, as well as channel 1, I want to make sure are not from the success or lack of success of your negotiations, because after all, Iran agreed, and according to your testimony the United States agreed to the nine points which probably we ought to refer to by some name—how do you like the Hakim accords?

Mr. HAKIM. I am honored, sir.

Mr. JENKINS. We have had Camp David accords. I see no reason, since you negotiated these not to refer to these as the Hakim accords.

In channel 1 negotiations, that is the first time that you had met Colonel North?

Mr. HAKIM. That is correct.

Mr. JENKINS. And you only had a very short time, as I understand it, there in Frankfurt, Germany, to be briefed by Secord and by North; is that correct?

Mr. HAKIM. And the two other members, yes.

Mr. JENKINS. And at the time you went into channel 1 negotiations, at that time you were the interpreter and you were the only American that spoke Farsi?

Mr. HAKIM. That is correct.

Mr. JENKINS. And so they had to rely entirely upon your interpretation?

Mr. HAKIM. During the course of the meetings there, yes.

Mr. JENKINS. And during the course of those meetings you discovered that the interpretations that were being placed upon the conversation by your previous acquaintance——

Mr. HAKIM. Mr. Ghorbanifar, yes.

Mr. JENKINS. Mr. Ghorbanifar was inaccurate, and you had to take a more active role at that time?

Mr. HAKIM. That is right.

Mr. JENKINS. And as you took a more active role you were trying to keep the two sides together as I understand the situation?

Mr. HAKIM. That is correct.

Mr. JENKINS. In fact you became somewhat of an American negotiator even in channel 1 because the responsibility was thrust upon you as you sized up the situation.

Mr. HAKIM. That is the way I would size it up.

Mr. JENKINS. And then after channel 1 negotiations had failed, you continued with some discourse and conversation with acquaintances until you got to the channel 2 negotiations?

Mr. HAKIM. Yes, sir.

Mr. JENKINS. And during the channel 2 negotiations, Colonel North produced the seven points which were rejected?

Mr. HAKIM. Yes, sir.

Mr. JENKINS. He gave up, left for Washington; Secord left; and, the last instructions that you received was to see if you could work something out because you only have 6 hours before I report to the President, that the channel 2 negotiations are dead, is that correct?

Mr. HAKIM. That is correct, sir.

Mr. **Jenkins**. And you were left alone to negotiate in behalf of the United States with the Iranians in channel 2 at that point, is that correct?

Mr. **Hakim**. Effectively, yes.

Mr. **Jenkins**. And you did make the seven points more flexible by dropping some items and adding two new ones?

Mr. **Hakim**. Yes, sir.

Mr. **Jenkins**. Is that correct?

Mr. **Hakim**. Yes, sir.

Mr. **Jenkins**. And at that point, you obtained the agreement of the Iranians on what 1 refer to as the Hakim accords, is that correct?

Mr. **Hakim**. That is correct, sir.

Mr. **Jenkins**. And at that point, you called Washington to tell Colonel North to send him the new agenda, the Hakim nine point accords, to get the approval of the United States, is that correct?

Mr. **Hakim**. The essence of it is correct, sir. I asked him to wait until we could send him a KL-43 describing the nine points.

Mr. **Jenkins**. Which you did?

Mr. **Hakim**. Which we did.

Mr. **Jenkins**. And then the message came back that the United States had approved?

Mr. **Hakim**. Yes, sir.

Mr. **Jenkins**. And your understanding was that Colonel North had to go to Poindexter and to the President of the United States; is that correct?

Mr. **Hakim**. That was my understanding, that is correct.

Mr. **Jenkins**. As a matter of fact, Colonel North called you back and said, "Fine, we have agreed"?

Mr. **Hakim**. I believe he talked to General Secord. General Secord was back by then.

Mr. **Jenkins**. Now, I know you have been somewhat indirectly critical maybe yesterday of the negotiations by the Secretary of State and other people. You were able to negotiate in a short period of time this agreement.

Mr. **Hakim**. I was not critical of the Secretary of State, sir. I was trying to say that—Mr. Liman was focusing on that particular one day and my statement was that under the circumstances, I could do a better job. I spoke the language, I understood the culture, and the Secretary of State to the best of my knowledge doesn't speak Farsi and doesn't know the Iranian culture.

Mr. **Jenkins**. I understand.

Now from the congressional standpoint looking at future negotiations, I want to ask some very direct questions rather quickly. At the time that you entered into negotiations in channel one and in channel two, you had a very brief time to say the least to be briefed about the position of the United States, is that correct?

Mr. **Hakim**. Yes, sir.

Mr. **Jenkins**. At the time that you were negotiating in channel two on behalf of the United States, you had a direct financial interest in the outcome because you were going to have a business, an enterprise, a commercial enterprise, in Iran, is that correct?

Mr. **Hakim**. That was one of the motivations.

Mr. **Jenkins**. At the time that you were negotiating on behalf of the United States in channel two you did not have any Secret clearance, is that correct?

Mr. **Hakim**. That is correct.

Mr. **Jenkins**. At the time that you were negotiating for the United States in channel two it was well known to General Secord and North that you had previously been affiliated with Ed Wilson, who is serving a prison sentence now, is that correct?

Mr. **Hakim**. That is correct.

Mr. **Jenkins**. You had been a friend of Mr. Wilson, is that correct?

Mr. **Hakim**. Definitely not, sir, an enemy of Mr. Wilson. I sued him.

Mr. **Jenkins**. I will give you a chance to correct that. You sued him because you loaned him some money?

Mr. **Hakim**. It was more than that. I cannot forgive him to have caused my business to suffer. Without my approval, without my knowledge, without my acceptance he penetrated my financial system, my company's and for his own personal use.

Mr. **Jenkins**. I read the deposition.

As I understand it at one time according to your testimony, he had either been an employee of one of your companies; is that correct?

Mr. **Hakim**. I had nothing to do with that operation, sir.

Mr. **Jenkins**. Was he an employee?

Mr. **Hakim**. Well, the way I recall it, sir, Stanford Technology USA, which was——

Mr. **Jenkins**. Your company?

Mr. **Hakim**. Which was Stanford Technology SA's subsidiary, was being managed and run by American individuals and they had total responsibility, they opened an office in or a new company in Washington and Mr. Terpil was employed there and Mr. Terpil brought in Mr. Wilson.

How this whole relationship came about, it was foreign to me.

Mr. **Janis**. Mr. Jenkins, if I could just add one other thing. Not only did Mr. Hakim abruptly terminate his relationship with Mr. Wilson and Mr. Terpil, not only did he effectively sue Mr. Wilson, but earlier I had made reference to the fact that I had met Mr. Hakim sometime ago when I was responding to Senator Rudman, and for the record, I met him during the course of an investigation of Mr. Wilson by the U.S. Attorney's office in Washington, D.C.

Mr. Hakim cooperated with that investigation and, in effect, was a complaining witness against Mr. Wilson. So I think it is a little unfair to try to have some sort of negative association implied here. I really think that is unfair.

Mr. **Jenkins**. I appreciate your statement.

Let me ask the question, did you, in fact, loan Mr. Wilson some money and the lawsuit that you filed against him was to collect that $20,000 or $30,000 dollars?

Mr. **Hakim**. That was a matter of principle, of showing——

Mr. **Jenkins**. Had you loaned him the money?

Mr. **Hakim**. Oh, yes, the money was lent to him. There is no question.

Mr. **Jenkins**. So you had some good relationships with him at some point in order to loan him money, did you not?

Mr. **Hakim**. That was not because I had a good relationship with him, sir.

Mr. **Jenkins**. I see.

You testified earlier that everyone knew that your previous business experience in Iran with other companies, that you have traditionally and historically used the Swiss bank account with multiple companies and this was well known to General Secord and to everyone involved when you were involved in the channel two negotiations; is that correct?

Mr. **Hakim**. I believe so, yes.

Mr. **Jenkins**. And at that time during these negotiations, you did not know the strategic, any strategic interest that the United States might have in the Middle East or any other agreements; you were not briefed on those, were you?

Mr. **Hakim**. I knew some through just general knowledge.

Mr. **Jenkins**. But the State Department had not briefed you or anyone else had not briefed you?

Mr. **Hakim**. No, sir.

Mr. **Jenkins**. At the time you were negotiating this agreement under channel two; is that correct?

Mr. **Hakim**. That is correct.

Mr. **Jenkins**. I bring those out which you have already testified to and I appreciate your forthright testimony in that regard, as well as your very forthright testimony about your interest in making money, simply because it will be in the interest of the Congress, I think, to look at, and the executive branch, as to how and under what circumstances negotiations take place.

Now, let me go very briefly into—I have been very much interested in listening to your testimony as far as how you and General Secord decided how much profit that you would make and it is very easy to understand if one is selling an orange to a person for a dollar and it costs you 50 cents, you know what the profit is.

But as I understand the situation in your enterprise, the enterprise belonging to you and General Secord, this is a different situation because the ultimate purchasers of the arms are not paying you directly for the arms.

Your gross income comes from third parties, contributions from third countries, private contributions, profits on the sale of arms to Iran.

So really as far as the profit that you take, or the leftover in the enterprise, you really negotiate with yourself as to the amount of profits, do you not?

Mr. **Hakim**. That is correct.

Mr. **Jenkins**. And that makes it very flexible for you as to whether or not you want to claim 75 percent, 50 percent, or 30 percent, isn't that basically the situation?

Mr. **Hakim**. You are correct, sir. I referred to this earlier today that there are many questions in my mind about this enterprise, and I cannot find a name for it except a monster with a number of heads. You are right. You are absolutely correct.

Mr. **Jenkins**. You simply negotiate with yourself?

Mr. **Hakim**. Yes.

Mr. Jenkins. To decide how much you want to take?

Mr. Hakim. It has been a very, very unusual experience for me.

Mr. Jenkins. I am sure it has been.

Let me go through this network of companies, and I will not name them all. SciTech International, your company?

Mr. Hakim. Effectively, yes.

Mr. Jenkins. Does it have any employees?

Mr. Hakim. In a conventional manner, sir?

Mr. Jenkins. Yes.

Mr. Hakim. No.

Mr. Jenkins. Dolmy, D-o-l-m-y, one of your corporations?

Mr. Hakim. Yes.

Mr. Jenkins. Does it have any employees?

Mr. Hakim. It did.

Mr. Jenkins. Does it now?

Mr. Hakim. Well, right now it is—I think we are going through a lawsuit.

Mr. Jenkins. ToyCo?

Mr. Janis. I think for the record——

Chairman Inouye. The chair wishes to interrupt at this point. The chair has been patient and understanding in accommodating the counsel because of the complex nature of the transactions being described. But if counsel wishes to continually participate as a witness, I will be compelled to ask you to take the oath.

Mr. Janis. Mr. Chairman, I was simply——

Chairman Inouye. Furthermore, from now on, please address the chair when you want to speak.

Mr. Janis. Certainly. Mr. Chairman, I was trying to point out I don't think Mr. Hakim had really finished his answer because he had not had a chance to make it clear that Dolmy was the enterprise company dealing with the ship, and I just wanted to make that clear.

Chairman Inouye. Why don't you tell that to your client, and he can tell us——

Mr. Janis. Fine.

Chairman Inouye. In his own words.

Mr. Hakim. Mr. Jenkins, I don't think it was clarified that Dolmy did have employees, and this company did have fixed assets. We owned this famous ship.

Mr. Jenkins. That you bought out of the enterprise money?

Mr. Hakim. Yes, but that it was in that company, and this is—this is the company that still has to deal with the lawsuit about the unsettled accounts. I believe the ship is arrested for that purpose.

Mr. Jenkins. Energy Resources Co.? Does that company have any employees?

Mr. Hakim. Not in the conventional manner, sir.

Mr. Jenkins. Simply a collecting company, is that correct?

Mr. Hakim. Yes.

Mr. Jenkins. Albon Values, any employees?

Mr. Hakim. No, sir.

Mr. Jenkins. Defex, any employees?

Mr. Hakim. You are talking about Defex Portugal?

Mr. Jenkins. No, I am talking about your Defex.

Mr. Hakim. No.

Mr. JENKINS. Incidentally, you were buying arms through Defex Portugal, which is a company that you have no connection with, is that right?

Mr. HAKIM. That is correct.

Mr. JENKINS. And then you set up another company with the same name, Defex. Why did you set that bank account up? And I assume it was a company.

Mr. HAKIM. For further confusion, sir.

Mr. JENKINS. You succeeded.

Gulf Marketing?

Mr. HAKIM. That was my mission.

Mr. JENKINS. I understand that was the entire central feature that you had to contribute. You had to confuse the entire issue, isn't that correct?

Mr. HAKIM. That is correct.

Mr. JENKINS. Yes.

Gulf Marketing, any employees?

Mr. HAKIM. No, sir.

Mr. JENKINS. Hyde Park Square, any employees?

Mr. HAKIM. No, sir.

Mr. JENKINS. ToyCo, any employees?

Mr. HAKIM. No, sir.

Mr. JENKINS. So all of these were what you referred to as off-the-shelf corporations?

Mr. HAKIM. Yes.

Mr. JENKINS. They had been formed, and when you needed one, you would tell your Swiss counsel, and he would reach up and get one, attach a name, bank account for it, and it is another company, is that right?

Mr. HAKIM. Effectively.

Mr. JENKINS. Now, in the entire enterprise that is still in existence, you actually prepared the chart that contemplated for future operations, and you had three divisions: Middle East, Africa, and South America. So you were hoping that the enterprise would continue to have these general arms transactions, or whatever you may be called upon to do for the future; is that correct?

Mr. HAKIM. I would be happier if we didn't focus on arms. Anything that would be required, including arms, yes.

Mr. JENKINS. Including arms.

Mr. HAKIM. Yes.

Mr. JENKINS. As a matter of fact, there was some conversation that Ollie may want to go to Angola?

Mr. HAKIM. Not conversations. Some jokes.

Mr. JENKINS. Oh.

Mr. HAKIM. I believe that is the way I testified.

Mr. JENKINS. OK. After that statement was made, at least the African Division was set up, as well as the Middle East Division, this general outline?

Mr. HAKIM. The outline was set up. No company was formed for the African operation.

Mr. JENKINS. I see. I want to get into some definitions very quickly because I think it is confusing. Many times both General Secord and you have used the term of "insurance". We talk about the insurance for Colonel North, the $200,000. We have referred to that, or it has been referred to as insurance by General Secord, I believe. On the $2 million, I believe you used the word "setaside" or "reserve".

Mr. **Hakim**. Reserve, yes, sir.

Mr. **Jenkins**. Now insurance in the way that you are using it and in the way that General Secord used it does not mean insurance in the conventional sense. It simply means a setaside of money, is that correct?

Mr. **Hakim**. The best way to describe it is self-insurance. In other words, setting aside to have that reserved, yes.

Mr. **Jenkins**. And if the insurance is not used because the aircraft or whatever that you have leased is safely returned, then that money becomes a part of the enterprise money?

Mr. **Hakim**. That is why my chart doesn't show insurance. It shows reserve.

Mr. **Jenkins**. It shows a reserve. Now in your testamentary agreement on the first $2 million setaside where you name Secord and North—is that correct?

Mr. **Hakim**. You are talking to the so-called—the will?

Mr. **Jenkins**. Yes.

Mr. **Hakim**. Yes, sir.

Mr. **Jenkins**. I believe that is exhibit 20. At any rate—maybe 19. Let me see on the first one. Testamentary.

When you set that up wherein North is named, you made a provision in that agreement, as I understand it, that that agreement could not be altered without the signature, the agreement of at least two of the three of you.

Mr. **Hakim**. I recall such a text in there.

Mr. **Jenkins**. So that in the event that Secord wanted to change it he would either have to get the approval of North or of you because there would have to be two of the three; is that correct? Is that the way you interpret that?

Mr. **Hakim**. I like to refer to my attorney here to——

Mr. **Jenkins**. Look at exhibit 18. I am sorry, 18. On the second page, we further confirmed and so forth. "We shall accept a change in these instructions only with a written approval of any two of the three individuals named above."

Now if you wanted to change the terms of that, as I understand it, you would have to have the agreement of at least two.

Mr. **Hakim**. Mr. Jenkins, if I'm not mistaken, it also provides that—let's take myself as an example. While I am still alive I can do anything I want to do with the money. I don't need anyone to approve the movement of the money, including transfer of this money for my own benefit.

Mr. **Jenkins**. One final question, my time is up.

If the business of this enterprise is terminated now, is the decision really up to you and General Secord as to what you do with the $2 million reserve—the two—$2 million reserve accounts?

[Witness conferring with counsel.]

Mr. **Hakim**. I don't believe that General Secord and I alone can make a decision on this.

Mr. **Jenkins**. Have any of these corporations—do they file U.S. tax returns, any of the corporations that you are involved with?

Mr. **Hakim**. No, sir.

Mr. **Jenkins**. I see. Thank you. My time is up.

Mr. **Hakim**. Thank you.

Chairman **Inouye**. Senator McClure.

Mr. **McClure**. Thank you very much.

Mr. **Hakim**. I want to refer first to some rather general questions that arise out of your opening statement.

In your opening statement you mention the President of the United States three times, and on page 4, you said, and I quote,

> Finally I was told that our Contra activities were being undertaken, not only with the approval by, but at the request of the President of the United States.

Mr. Hakim, who told you that your Contra activities were being undertaken at the request of the President?

Mr. **Hakim**. To the best of my recollection General Secord.

Mr. **McClure**. Have you ever met the President?

Mr. **Hakim**. No, I have not.

Mr. **McClure**. Has General Secord ever met the President?

Mr. **Hakim**. I have a picture of General Secord with the President decorating him.

Mr. **McClure**. That is your only evidence of their meeting?

Mr. **Hakim**. I am sorry, I misunderstood you. Your question is in general or if——

Mr. **McClure**. Has General Secord—I just asked has General Secord ever met the President? Your response was that you have a picture that shows the two together.

Do you know of any other meetings between General Secord and the President?

Mr. **Hakim**. Not that I can recall at this time, sir.

Mr. **McClure**. What exactly did General Secord tell you about the President's role in this affair?

Mr. **Hakim**. I don't believe he described his role for me in this affair except saying that it was approved by the President.

Mr. **McClure**. Now, you believed and you have so testified that this had the approval of the President of the United States?

Mr. **Hakim**. Yes, sir.

Mr. **McClure**. Why do you believe that?

Mr. **Hakim**. I believe I also mentioned in my opening statement my trust in General Secord. I have a lot of respect for General Secord. I always have had.

Mr. **McClure**. So it came primarily from your relationship with General Secord, the representation that he made to you?

Mr. **Hakim**. Well, it is more than that, Senator.

What I am trying to say is that it is not only because what he said, it is also because what he is. For me General Secord has a great—he is an image of a great American, he has been a general, he has performed in various roles, worked for the U.S. Government.

Mr. **McClure**. So you——

Mr. **Hakim**. It is his total structure, his background, that is just not what he says.

Mr. **McClure**. You described that relationship several times and in several different ways and I accept that, but aside from what you were told and what you assumed, do you have any personal knowledge that the President of the United States was aware of your involvement and your activities?

Mr. HAKIM. No, sir.

Mr. MCCLURE. I want to turn back now to an earlier deposition and some of your testimony with respect to the accounts.

On Friday, May 22, 1987, you gave testimony under oath in the nature of the deposition. Do you recall that occasion?

Mr. HAKIM. Yes, I do.

Mr. MCCLURE. Turning now to page 123 of that deposition, you are being questioned by Mr. Nields about various accounts and the financial labyrinth that you have constructed and Mr. Nields asked you, "How about Button?" And you respond on page 123, line 25, "That was set aside."

On page 130, line 12, you respond, "For death benefits for families," and at that time you indicate it was for families of pilots and air transport people airlifting material to the Contras; is that correct?

Mr. HAKIM. Yes, sir.

Mr. MCCLURE. On page 130, line 6, you also testified that the account did not refer to anyone's name?

Mr. JANIS. I am sorry——

Mr. MCCLURE. Page 130, line 6.

Mr. HAKIM. Yes, sir.

Mr. MCCLURE. So on Friday the 22d of May this account was set up for pilots and the airlift operation, didn't refer to anybody's name, and then 2 days ago you testified and I will refer to you the transcripts of that testimony 2 days ago, page 62—do you have that?

[Witness conferring with counsel.]

Mr. MCCLURE. You testified in response to Mr. Nields' question that the Button account was established on May 20, 1986, and that it did in fact refer to a specific person, this time you said Lt. Colonel North. Is that correct?

Mr. HAKIM. Yes, sir.

Mr. MCCLURE. You testified that you met North in February 1986 and you testified further that you formed an emotional bond to North and you are still very attached to him, and on page 64 of your testimony you said and I quote "I really love this man."

In your deposition on May 24, that is the third day of your deposition, and I think you have that with you, you stated on page 13, you responding to a question regarding Oliver North beginning at line 4 quote:

"I did not get to know Oliver North as testified earlier until Frankfurt meeting February 1986. And I did not become close to Oliver North until we got into the second channel. So my involvement with Oliver North really in a substantial way did not occur until September or October 1986."

Is that your testimony?

Mr. HAKIM. Yes, sir.

Mr. MCCLURE. You say it was a short encounter, varied but under intense environment, we became extremely close.

I think that was your testimony.

Mr. HAKIM. Yes, sir.

Mr. McClure. So basically your testimony is that you developed an intense relation, the intense portion of your relationship with Colonel North after having met him in February of 1986 and seeing him very little between that time and the following fall but you had developed an intense relationship in the absence of very much contact.

Mr. Hakim. Yes. I don't understand your question now.

Mr. McClure. Well, then—before you had developed a very close relationship, you testified you didn't get to know him very well until you got into the second channel and the second channel was in the fall. But before you got into the second channel and before you got to know him very well, you established this account for him on May the 20th; is that correct?

Mr. Hakim. Just before his departure for Tehran, sir. I still don't understand the question. The only understanding that I have is that you are taking parts of my testimony which are correct, they are correct, but——

Mr. McClure. Each of these parts is correct and I am just trying to—I am trying to make certain that you still testify that indeed you had not known him before February, you hadn't seen him very much until you got into the second channel.

Mr. Hakim. Yes, sir.

Mr. McClure. But in that period of time when you had not seen him very much, you got very close to him.

Mr. Hakim. I also——

Mr. McClure. And you established a $200,000 account in his name.

Mr. Hakim. I also testified that I learned quite a bit about him through General Secord and I also testified that during the May activity we were going through a very, very emotional situation. We had issues such as what happened to Buckley in mind, the group was getting ready to go to Tehran, I said it was very intense, emotional time, Senator.

Mr. McClure. I understand, but I just wanted to point out for the record to make the record very clear, that it was three months after you first met him and 5 months before you would become close to him that you claimed this close relationship that led to the establishment of the account.

Mr. Hakim. But I also said the account was first established for his death benefit.

Mr. McClure. But you earlier just on May 22d said that the account was established for death benefits for the Contra pilots.

Mr. Hakim. But, Senator, if we should go over the whole testimony you will see in the bank documents there are a number of entries for the same amount and the testimony would reflect that there was a confusion and——

Mr. McClure. So your testimony is now that on May 22d you were confused about which account you were talking about that was set up for the benefit of the pilots?

Mr. Hakim. I think that it is well reflected there that we were looking at at least three entries, either one of them could have been——

Mr. McClure. Mr. Nields didn't say "How about the $200,000 account?" Mr. Nields said "How about Button" and it was in response to that question that you said it was set aside for the benefit of the families of the pilots.

Mr. **Hakim**. I said that it was very possible that we used the same account for the educational purposes if I am not mistaken, sir.

Mr. **McClure**. Mr. Hakim, was Colonel North an individual who was security conscious? Was he conscious of his security and the need for security?

Mr. **Hakim**. Physical security you mean——

Mr. **McClure**. His own personal security and that of his family?

Mr. **Hakim**. I am having trouble understanding your focus on "security". You are talking about being killed?

Mr. **McClure**. No, I am talking—I am talking about another subject now.

Mr. **Hakim**. Yes, sir.

Mr. **McClure**. Hadn't he taken elaborate precautions to safeguard the operational security by using KL-43 encryption devices?

Mr. **Hakim**. Oh, operationally secure, yes. I would say that——

Mr. **McClure**. And he had security installed at his residence?

Mr. **Hakim**. I do not know the details of that. The only thing that I can recall was that at a later date some action was being taken to do something about having security at his home. Why and when——

Mr. **McClure**. Were you aware that he had gone to great lengths to keep personal information about himself and his family away from the media?

Mr. **Hakim**. I am not aware of that, sir.

Mr. **McClure**. Isn't it true that he was careful about not being photographed?

Mr. **Hakim**. I am not aware of that.

Mr. **McClure**. Did you or he ever talk about whether or not he felt personally threatened because of his work?

Mr. **Hakim**. We all always had this fear. I don't know whether we ever discussed this. We, all of us, we had this fear that our lives could be endangered.

Mr. **McClure**. And you are careful about your own personal life, aren't you?

Mr. **Hakim**. Yes, sir.

Mr. **McClure**. Your contacts with people or strange situations?

Mr. **Hakim**. Yes, sir.

Mr. **McClure**. Wouldn't it be normal to expect that Colonel North would have instructed his family to be sensitive to such unusual occurrences and approaches, an approach such as a prelude to a kidnapping or an assassination attempt?

Mr. **Hakim**. Senator, I have no knowledge how he related to his family, no.

Mr. **McClure**. Do you believe it would be reasonable to expect that the wife of such a person as Colonel North whose personal security was a constant concern would accept the offer of an unknown individual to fly to Philadelphia for a meeting with a stranger without first consulting her husband?

Mr. **Hakim**. In my mind, I cannot understand how I should connect it to—I don't see the connection between the trip and the security.

Mr. McClure. If, as you have previously testified, you were interested in the well being of Colonel North's family and you did not wish to compromise him in any way or get him on the hook, why would you suggest a tactic which would have almost certainly been brought to his attention by his wife in having Mr. Zucker contact Mrs. North?

Mr. Hakim. Why did I do that? I think I answered that question, that I felt close to North and his family. I put the wheels into motion and if it would have gotten off the ground, they had the option of accepting or refusing it.

Mr. McClure. I have heard your testimony on that and frankly I found the account to be incredible. There is much about your testimony that I think is forthright and candid and believable, but this part I find incredible, so incredible to me that I can't help but ask you the question. It seems to me that you knew Colonel North's wife would have told him of Mr. Zucker's approach, so I can only conclude that your approach to Mrs. North through Mr. Zucker was intended to compromise Colonel North.

Do you have any comment?

Mr. Hakim. Yes, sir.

With respect to compromising Colonel North, I totally disagree with that conclusion. With regard to your reasoning about Colonel North knowing about this, I believe I testified that I find that unusual if he didn't know, and I also testified that General Secord knew about this, so the missing link that you are looking for probably could have been closed through General Secord, not directly through me.

Mr. McClure. Two days ago and again yesterday, you testified it was Mr. Zucker who told you Colonel North could not be provided for as you had wished in a legal manner.

Did Mr. Zucker inform you of the details of Mrs. North's meeting with him?

Mr. Hakim. No, sir.

Mr. McClure. Had Zucker told you that he concluded that there was no legal way in which this could be done?

Mr. Hakim. He told me that he had not so far been able to find a way.

Mr. McClure. Why then did you pursue the idea of getting Mrs. North a job and paying her in money far in excess of her efforts or apparent skills?

Mr. Hakim. I am afraid I don't understand the question.

Mr. McClure. You were trying to——

Mr. Hakim. Find her a job.

Mr. McClure. In a way to channel her some money that she hadn't earned?

Mr. Hakim. I don't believe that was what I testified. I believe I testified that even if he could not I mean she could not qualify, we would have paid her that money. We were not sure whether she would qualify or not.

Mr. McClure. Why would you pursue——

Mr. Hakim. That was the avenue we were trying to pursue.

Mr. McClure. Why would you pursue, as Mr. Lewis testified yesterday morning, a sham real estate commission with a reimbursement to the donor? Wouldn't that still be illegal?

Mr. **Hakim**. I cannot express an opinion about Mr. Lewis' testimony. I watched it on TV. I found a few areas that were not consistent with the way Mr. Zucker operates.

Mr. Zucker is a very honorable man, very discreet. I found that to be unusual for Mr. Zucker to tell Mr. Lewis about the White House and all that. I can't pass a judgment about that.

Mr. **McClure**. What was there about Mr. Lewis' testimony that doesn't square with the facts as you know them?

Mr. **Hakim**. I don't know the facts, sir. What I am saying I found that very unusual for Mr. Zucker to say that it was for the wife of a White House official. Mr. Zucker is very discreet. He is very professional. He is very honorable. I believe the part of Mr. Lewis' testimony that he said that he could have been influenced by the news media is the answer to my question.

Mr. **McClure**. Let me ask it this way. Do you think Mr. Lewis must be in error when he says that Mr. Zucker told him he was trying to pass some money to the wife of a White House official?

Mr. **Hakim**. I am saying that I find this not to be in line. I have known Mr. Zucker for many years, more than 15 years. I have worked with him very closely. The man—I am repeating myself—please forgive me—is very honorable. He is a good lawyer. He is very discreet.

The asset, the real asset of being a fiduciary is to be discreet.

Mr. **McClure**. You just can't believe that he would be that indiscreet as to have said at that point——

Mr. **Hakim**. I find that very unusual.

Mr. **McClure**. Were you concerned that in your efforts to aid the North family you were actually creating potential problems for them?

Mr. **Hakim**. I was consulting a lawyer not to create a problem, sir.

Mr. **McClure**. Let me switch for a moment. Mr. Hakim, you have testified that you established five named capital accounts: Hakim, C. Tea, Korel, SciTech, and Button.

Mr. **Hakim**. Yes, sir.

Mr. **McClure**. You indicated that first of all, obviously, Hakim is you. That is no pseudonym. It is not even a secret.

Mr. **Hakim**. That's right.

Mr. **McClure**. That C. Tea was Tom Clines' account, and you reversed his initials to name that account?

Mr. **Hakim**. Yes, sir.

Mr. **McClure**. You indicated that Hakim was your profit account?

Mr. **Hakim**. Out of several subaccounts, yes.

Mr. **McClure**. You indicated that SciTech was the mirror account of STTGI, and its initials were to match STTGI. Referring to your testimony day before yesterday on page 55, you describe the third, Korel, was assets for General Secord, and one-third to the C. Tea account that represents Tom Clines' account and that 10 percent went to SciTech, and I am quoting now,

> which if you look at the complete name of SciTech, it is SciTech Trading Group, and if you separate Sci from Tech, you will notice that the abbreviation will form again STTGI, and this was chosen by design to reflect the off-shore company of STTGI. That was my design, and my idea.

Is that correct?

Mr. **Hakim**. That is correct.

Mr. **McClure**. How did you come up with a name, Korel?

Mr. **Hakim**. This was an off-the-shelf company that existed. I believe my testimony says that——

Mr. **McClure**. It was already there. It had nothing to do with the fact that it is alliterative with General Secord's name?

Mr. **Hakim**. Not at all.

Mr. **McClure**. You indicate the name, Button, came from a joke you had with Mr. Zucker.

Mr. **Hakim**. That is correct.

Mr. **McClure**. And that it applied to death benefits. Do you know Bob Dutton?

Mr. **Hakim**. Yes, I do.

Mr. **McClure**. What role did he play in the operation?

Mr. **Hakim**. His operation was limited to the Contras, sir.

Mr. **McClure**. When was he hired?

Mr. **Hakim**. I believe some time in 1986. I am not quite sure.

Mr. **McClure**. I think the record would show he was hired on May 2, 1986.

Mr. **Hakim**. Yes sir.

Mr. **McClure**. That sounds approximately correct to you.

Mr. **Hakim**. Approximately correct.

Mr. **McClure**. I would represent to you that is what the record would show, and that was just 18 days before the Button account was opened. Is that correct?

Mr. **Hakim**. Yes, sir.

Mr. **McClure**. You have shown a logical reason for the naming of each of the other accounts. If you drop the D from Dutton and add B, which is Bob, you get Bob Dutton or Button. Is that the derivation of that account's name?

Mr. **Hakim**. No, sir. You have also a document as an exhibit that clearly refers to Bellybutton. It was even in the newspapers today.

Mr. **McClure**. Was that notation on the original document?

Mr. **Hakim**. Which document are you referring to, sir?

Mr. **McClure**. The one that you just referred to, or was that notation added to the document at some later date?

Mr. **Hakim**. What I am trying to say is that the assumption that B. Button referred to Bob Dutton has nothing to do with the intention.

Mr. **McClure**. I understand that, but you raised the question of the document that shows the account with the name, Mrs. Bellybutton. I am asking you if the notation, Mrs. Bellybutton, wasn't added to that document at a later date?

Mr. **Hakim**. I don't know when that document was created, sir. I don't know when that document was generated.

Mr. **McClure**. I might also note that that document shows a transfer of $15,000 on the date that Mr. Dutton was hired.

Mr. **Hakim**. I don't see the relation.

Mr. **McClure**. Mr. Chairman, may I have a few more minutes?

Chairman **Inouye**. Yes.

Mr. **McClure**. Thank you, sir.

Mr. Hakim, on April 20, 1987 you appeared in Paris, France, pursuant to an arrangement with House counsel. You may recall that

I was present at that meeting representing the Senate Committee. It is my understanding that you were providing the committee with all records that you have "that relate to the receipt or disbursement of funds relating to the sale of TOWs and HAWKs to Iran, to the pursuing of the initiative of the United States towards Iran, and to the raising of an expenditure of moneys to support the antigovernment forces in Nicaragua."

I think that came from your statement at that time.

Mr. **Hakim**. Yes.

Mr. **Janis**. May we have a copy of that statement?

Mr. **McClure**. You don't have the deposition that covers that date?

Mr. **Janis**. Just a moment.

Mr. **McClure**. Without delaying the committee, at this time let me represent to you that that is what the deposition states. The only exception you made to providing all documents were those that were then held under seal in Switzerland, as I understand.

Is it correct that within the last few weeks you have provided additional documents, some from California and some from your Swiss attorney?

Mr. **Hakim**. That is correct.

Mr. **McClure**. Many of these documents have turned out to be central to this investigation, including wills and management agreements. How do you explain the fact that you did not produce these documents at the April meeting in Paris?

[Counsel conferring with witness.]

Mr. **Hakim**. Mr. Senator, if I recall correctly, the context of the testimony was the documents that I had in my possession I could make available.

At the time I did not have access to documents in my home in California. I mentioned about the sealed set of documents, and there were also additional documents that under subpoena were provided.

Mr. **McClure**. Are there any other documents that you are aware of or have access to that relate in any way to this investigation?

[Counsel conferring with witness.]

Mr. **Hakim**. Not that I am currently aware of, sir.

Mr. **McClure**. Will you continue to work with the committee to provide any other information or documents that relate to this investigation?

Mr. **Hakim**. Definitely.

Mr. **McClure**. Mr. Chairman, I apologize for taking extra time, but I wanted the record to be clear that in April Mr. Hakim and his attorney represented that this bag of documents and I think there were seven folders, it was a large volume, were all the documents there were.

Recently, just last week, I believe, we got all the other documents, and I hope that the chairman will keep this witness subject to the subpoena and not release him and that the staff will continue to work to develop the further records, which may yet be developed.

Chairman **Inouye**. You may be assured of that, sir.

Mr. **McClure**. Thank you very much Mr. Chairman.

Mr. **Janis**. May I make one reference to the deposition transcript, Mr. Chairman?

Chairman **Inouye**. Please do.

Mr. **Janis**. At that deposition of April 20th, the witness said in response to a question from Mr. Nields, with regard to whether these were all the documents, he said, "yes, to the best of my knowledge, although it is possible that further analysis of the records that I have identified additional records."

I think what Mr. Hakim was saying that that did happen, additional requests were made and additional documents were presented pursuant to that request.

Mr. **McClure**. I think the recitation of that question and answer is accurate, in as far as it goes, and I don't question that.

I point out that it was over a month later before the other documents such as these testamentary trusts were provided to the committee. What I am trying to indicate is we have the documents which you have given us, we have no way of knowing except by your testimony whether that is all the documents that there are.

We have not pursued, and cannot pursue, the accuracy of the documents provided by you to us. We have to accept on the basis of what you have given us, their truth and their veracity.

We have been able to, through the staff, to check a number of other places, and I can indicate that where cross references have been available to us, they have substantiated the accuracies of the records which you have provided. But it has been a painstaking process. And the staff is not yet, as we sit here today, certain that we have all the information, because there are large gaps in the information which has been provided, and that those large gaps are outside of our control, and presumably within your control, and yet they are not explained as we sit here today, and that is the reason I made the request of the chairman.

Chairman **Inouye**. Thank you very much. Before recognizing Senator Sarbanes, I wish to make an announcement. A special meeting of the panel, that is both House and Senate, will convene in room 305 immediately after the adjournment of this morning's session. A subject of grave importance will be discussed. I urge all of you together with the senior staff members to be present at this meeting. Senator Sarbanes.

Mr. **Sarbanes**. Thank you, Mr. Chairman.

Mr. Hakim, I want to look at the structure and dimension of the enterprise which you earlier said raises so many questions in your mind, and I think at one point you said what is the enterprise.

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. I take it the enterprise refers to this network of companies which you had established and the operations which they were conducting, would that be correct, that you and General Secord jointly had established?

Mr. **Hakim**. It should be more general than that, sir. This document was created at a later date. When I refer to the enterprise, I am talking from the conception to date.

Mr. **Sarbanes**. Where did the money come from that went into the enterprise?

Mr. **Hakim**. It has been established that it came through donations and also as a result of arms sales to Iran.

Mr. **Sarbanes**. Donations, both from private individuals and from countries, is that correct?

Mr. **Hakim**. This is my understanding now.

Mr. **Sarbanes**. Did you know that at that time?

Mr. **Hakim**. I did not know if the donations came from countries, individuals—I simply knew that they were donations.

Mr. **Sarbanes**. You had no idea where they were coming from?

Mr. **Hakim**. No, sir.

Mr. **Sarbanes**. Were you the financial man for the enterprise?

Mr. **Hakim**. It depends on what your interpretation of financial man is.

Mr. **Sarbanes**. You handled the finances of the enterprise?

Mr. **Hakim**. Under the instructions from General Secord.

Mr. **Sarbanes**. For General Secord?

Mr. **Hakim**. That's correct.

Mr. **Sarbanes**. So this money was coming in, but you didn't know where it was coming from?

Mr. **Hakim**. You are correct, sir.

Mr. **Sarbanes**. Except for the arms sales about which you knew intimately?

Mr. **Hakim**. Correct.

Mr. **Sarbanes**. The markup on the sales to Iran and to the Contras?

Mr. **Hakim**. You confuse me when you say the markup. I knew the income from the arms sales was as a result of the arms sales, yes.

Mr. **Sarbanes**. What were the purposes of the enterprise?

Mr. **Hakim**. This is one of my questions, sir, that I have outstanding in mind because this enterprise—my understanding was from General Secord—was created to be a private corporation, if you will, and as a conventional businessman I expected the business would be conducted more or less in a conventional manner except the fact that it had to be operated covertly, and I applied all the rules and understandings and accepted practices that are applied to conventional business structures.

But as the—as we got deeper into our activities, I saw signs and symptoms that made me to wonder whether this enterprise was a private structure or it was not, because I saw a definite sign of inconsistency. I saw that on one hand we were acting as a private organization. At one point I saw the influence of Colonel North, who was not a private individual, in what we were doing. I saw times——

Mr. **Sarbanes**. Colonel North, actually you perceived that Colonel North could, in effect, call on the enterprise for money for whatever purpose he might have, did you not?

Mr. **Hakim**. Yes, and then I also said that sometimes General Secord would totally accept, sometimes partially accept, sometimes not accept his requirements. That is why I am saying I started to wonder.

Mr. **Sarbanes**. But in your deposition on May 24, at page 44, you said,

> Richard said that you never know what Ollie would need next.
>
> *Question:* I take it at one point Ollie needed a ship, and you used the money to buy a ship.

Answer: Yes.

Question: And at one point Ollie needed Motorola radios and you used the money to buy Motorola radios.

Answer: Yes.

Question: And I take it at one point he wanted some money for DEA agents in cash, and you used it for that purpose.

Answer: Well, I don't know whether he initiated that. Richard told me that such and such people will come to you and give him so much.

Question: But it wouldn't come as a surprise to you to learn that that also was originated by Ollie North?

Answer: I would be surprised if it didn't.

You then went on, in effect to say—"is it fair to say that it was your understanding that during that period of time that this differential surplus, profit, whatever we call it, was being used and was to be used in North's direction?"

"Answer, this was what I tried to explain earlier. Everything that you mention are examples of these contradictions. Yes.

"Is the answer yes?

"Answer, yes."

Is that a correct statement of your perception of North's ability to call on the enterprise?

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. When you drew the chart which is exhibit 1 you put in it in terms of a dummy company Africa as well, do you recall that?

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. And you also had South America and the Middle East. When you were questioned about that in your deposition on May 22d, page 110, you were asked the reason for that, and you answered jokingly,

> One day I believe General Secord said that who knows, if we do a good job the President may send us to Angola. I said at the rate these people have been going and coming up with so many surprises I would not be surprised if they indeed did that, and I didn't want to have the burden of running around doing too many things at the same time like I was, so I said let me go ahead and form another, not form a company but have it ready, discipline the people. If indeed it would happen I would just plug in a company in there and go ahead with it, just further foresight on my part.

So you had—while General Secord made it as a joke, you thought there was a possibility that it might happen, is that correct?

Mr. **Hakim**. Yes.

Mr. **Sarbanes**. And in fact later or in response to a question you said "in my mind I said you know the way this crazy thing is going they might do that."

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. So the enterprise had the potential in your mind to expand its activities——

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. Beyond the Contras, beyond Iran, beyond the DEA agent, beyond the purpose of the ship, beyond the Motorola radios, you had a category here for Africa and of course it could have gone elsewhere as well possibly?

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. Did you regard the enterprise as something that was going to be a continuing proposition?

Mr. **HAKIM**. Well, until the Iranian second channel I believe I have testified that we sort of lived day to day. We did not know if we were going to be operative next day.

Mr. **SARBANES**. But you wanted to build up the reserves of the enterprise, is that correct?

Mr. **HAKIM**. That is correct.

Mr. **SARBANES**. For purposes of ongoing activity?

Mr. **HAKIM**. Yes, sir.

Mr. **SARBANES**. Are you familiar with General Singlaub's testimony before this committee?

Mr. **HAKIM**. I am not, sir.

Mr. **SARBANES**. Let me send down to you Singlaub exhibit 6.

Mr. **JANIS**. May we have just a moment, please? Is there some particular——

Mr. **SARBANES**. Mr. Hakim, this is a memorandum that describes a scheme to create a conduit for maintaining a continuous flow of Soviet weapons and technology to be utilized by the United States in its support of Freedom Fighters in Nicaragua, Afghanistan, Cambodia, Ethiopia, et cetera. What it does is it sets up a three-way trade. The United States provides high technology to Country A, Country A provides military equipment to Country B, and Country B then delivers arms to a trading company which would then channel the arms out.

Look at the chart on page 2 of this exhibit. Do you see that scheme that is outlined there?

Mr. **HAKIM**. Yes, I do.

Mr. **SARBANES**. Now, the enterprise actually could have done what the trading company has proposed to do there. In fact the enterprise was doing it to some degree and could have expanded its activities by your testimony.

Mr. **HAKIM**. Yes, sir.

Mr. **SARBANES**. In effect this is a competing scheme, potentially a competing scheme with the scheme you had established?

Mr. **HAKIM**. I have no idea where the objectives of General Singlaub's activity. This is the first time I see this.

Mr. **SARBANES**. But the enterprise could channel and in fact was channeling out arms although it had not developed it as yet to the extent that is outlined in this chart, is that correct?

Mr. **HAKIM**. Yes.

Mr. **SARBANES**. Now, when you moved to purchase the submachine gun company or to look at that purchase, in your exhibit 35——

Mr. **HAKIM**. Yes, sir.

Mr. **SARBANES**. That is a memo prepared by you to evaluate American Arms Inc., is that correct?

Mr. **HAKIM**. Allow me to look at the memo. Which exhibit is this, sir?

Mr. **SARBANES**. Thirty-five.

Mr. **HAKIM**. Yes, sir.

Mr. **SARBANES**. That is your memo with respect to American Arms Inc.—to whom was American Arms Inc. going to sell its product?

Mr. **HAKIM**. I understood from General Secord that the biggest market for that was in the United States.

Mr. **Sarbanes**. Were you familiar that it was projected that the Contras would be a major purchaser of those weapons?

Mr. **Hakim**. It was not discussed with me.

Mr. **Sarbanes**. You are not familiar with exhibit 33? Particularly page 3 thereof?

Projection of sales first year, no domestic sales projected; 1015 Saudi and Gulf States, 4000 to the Contras, then a commission based on those sales of $1,375,000?

Mr. **Hakim**. No, sir, I am not familiar with this document.

Mr. **Sarbanes**. And when you prepared your memo on the prospects for American Arms you did not realize that that had been circulating amongst your colleagues with respect to the purchase of this company?

Mr. **Hakim**. This document?

Mr. **Sarbanes**. Yes.

Mr. **Hakim**. I was not aware of that, sir.

Mr. **Sarbanes**. Now, you said in your deposition on the 23d, at page 82 and 83——

Mr. **Janis**. Can we have your indulgence just a moment, please? Pages 82 and 83?

Mr. **Sarbanes**. Page 82 and 83 of May 20. Over on page 83, line 5, "we ourselves were very inefficient. There were times we didn't have proper communications on this. There were times that we were under constant pressure. That I want to emphasize on that, constant political pressure."

What kind of political pressure was it that you were constantly under?

Mr. **Janis**. Excuse me, Mr. Chairman, may we read the rest of his answer to that question, or Senator?

Mr. **Hakim**. Prior to that I don't know what the context of it was.

Mr. **Sarbanes**. In fact I was going to go to the balance of that answer after he responded but if you want to use that as your direct example, please go ahead.

[Witness conferring with counsel.]

Mr. **Sarbanes**. Let me just read the answer. I can give you one as an example.

> We had to meet a deadline in releasing hostages because the elections were coming up, but that I am trying to picture for you that we could not be as conventional as you think one could be.

So at least one example of political pressure you were under was to meet a deadline in releasing hostages because the elections were coming up, is that correct?

[Witness conferring with counsel.]

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. All right.

Now, were you familiar with the fact that when McFarlane was in Tehran in May of 1986, that he rejected delivering arms for the release of two hostages because he wanted to get the release of all of them?

Mr. **Hakim**. I became aware of that at a later date.

Mr. **Sarbanes**. What date was that? Before you had your meetings with the second channel in the fall of '86?

Mr. **Hakim**. I believe so, sir.

Mr. **Sarbanes**. So you knew that McFarlane's condition was to get all of the hostages, is that correct? And that he left, in fact that North said to him we have this plane on the way in with arms, we are going to get two hostages and he said turn the plane back. We either get them all or none.

Mr. **Hakim**. That is what I learned later, yes.

Mr. **Sarbanes**. Now, when the North 7 points were on the table in Frankfurt for discussion, one of the main points was that all of the hostages should be released. Is that correct?

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. And that didn't happen and—that was not agreed to and that was one of the reasons North left in order to come back feeling that the second channel had not worked and he was going to report on that to the White House?

To the President?

Mr. **Hakim**. Come back to the States, yes.

Mr. **Sarbanes**. And report on that to the President, according to you?

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. And you stayed behind, however, to try to negotiate an arrangement.

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. And you negotiated, as Congressman Jenkins says, the Hakim Accords.

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. Which was a nine point proposition.

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. And it changed the hostage provision significantly, did it not?

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. And in what way did it change it?

Mr. **Hakim**. In the way it changed that I understood why the Iranians could not deliver all the hostages.

Mr. **Sarbanes**. So your arrangement was that you would get one hostage and best efforts to get another which represented the one-and-a-half provision in your 9 points?

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. Now, you sent this proposition, which also included the release of the prisoners held in Kuwait.

Mr. **Hakim**. That was the reason why all American hostages could not be released.

Mr. **Sarbanes**. And of course you knew that it had been a firm announced position of our Government not to put any pressure on for the release of the Kuwait prisoners, is that right?

Mr. **Hakim**. That was discussed and we were hoping to be able to achieve that through private channels.

Mr. **Sarbanes**. And you sent this proposition——

Mr. **Hakim**. Senator, if I may add to that, the approach was to see if we could bring the Iranians and Kuwaitis somehow close to each other to work this out between themselves.

Mr. **Sarbanes**. Now you sent this proposition to North in Washington?

Mr. **Hakim**. Yes.

Mr. **Sarbanes**. Or Secord sent it I guess.

Mr. **Hakim**. The nine points?

Mr. **Sarbanes**. Yes.

Mr. **Hakim**. Yes, sir. Secord did.

Mr. **Sarbanes**. After it was reported to him by you?

Mr. **Hakim**. Yes, sir, and he had further discussions as stipulated in a translation, he had further discussions with the Iranian official in connection, I believe—if I could go back to that deposition, it states that certain—if I remember correctly, the issue of the Kuwaitis had to be discussed with General Secord.

Could we get that deposition so we can make that clear?

General Secord did participate in the areas that I was not competent to discuss and, however, to be able to come up with a complete picture, we agreed that when General Secord would return, the next day or that evening—I don't—for the Iranian representative to discuss that particular issue with General Secord, which he did.

Mr. **Janis**. Can you refer us, please, to the translation of the nine points. I don't recall which exhibit that was.

Mr. **Sarbanes**. Twenty-two. Exhibit 22.

Mr. **Janis**. OK.

Mr. **Hakim**. Sir, if you look at item 7, please, you see a provision that—I see it here, the issue of the Moslem prisoners in Lebanon had to be reviewed between the Iranian officials and General Secord.

Mr. **Sarbanes**. Let me go back to the hostages. In May McFarlane refused to transfer a very limited amount of arms compared to what is contained in your nine-point proposal in return for two hostages; is that correct?

You knew that?

Mr. **Hakim**. I am not sure if there is a change, Senator, there, because my understanding all along has been that it was agreed that a fixed amount of TOWS would be sold to the Iranians, if I am not mistaken, a total of 3,000 or 3,500. So I don't believe there is any change as far as the total scope of the amount.

Mr. **Sarbanes**. Of the arms?

Mr. **Hakim**. Of the arms.

Mr. **Sarbanes**. But there was a change in terms of the number of hostages to be brought out?

Mr. **Hakim**. Yes. Yes, sir.

Mr. **Sarbanes**. All right.

Now, North left because he couldn't get all of the hostages. That was one of the sticking points; is that correct?

Mr. **Hakim**. That is correct.

Mr. **Sarbanes**. You negotiated an agreement in which one and a half hostage were going to be gotten, and sent it to Washington?

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. And shortly thereafter you got approval for that arrangement?

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. And that approval came within a handful of days before the election; is that correct?

Mr. **Hakim**. I believe so.

Mr. **Sarbanes**. And, in fact, proceeding out of that, you were able to bring out one hostage 2 days before the election?

Mr. **Hakim**. That is correct.

Mr. **Sarbanes**. Now is that an example of the political pressures that were at work in this matter that you referred to in your deposition?

Mr. **Hakim**. Yes, sir.

Mr. **Sarbanes**. My time is up. I have no further questions, Mr. Chairman.

Chairman **Inouye**. Congressman DeWine.

Mr. **DeWine**. Thank you, Mr. Chairman.

Mr. Hakim, I thought everybody thought they were going to get lunch right now, but I stand between you and lunch, I think.

Let me start by asking you about some testimony that you have already given.

You have testified that General Secord was aware of the existence of this Korel account and that it was for his benefit; is that correct?

Mr. **Hakim**. Yes, sir.

Mr. **DeWine**. Are you aware that General Secord has testified that he was not aware of Korel and that he did not know that it was an account for his specific benefit?

Mr. **Hakim**. Upon my return from Europe——

Mr. **DeWine**. Well, I——

Mr. **Hakim**. I watched his—the tapes, and I believe that that is the way he was——

Mr. **DeWine**. In fact, he thought he had his own account, did he not? Wasn't that his testimony?

Mr. **Hakim**. I can't recall at this time, sir.

Mr. **DeWine**. You have testified that North exercised the overall control in this enterprise and, in fact, you have given us some examples of the control that he exercised.

But isn't it really true, Mr. Hakim, that you were the one who was controlling the money, you were making some of the these decisions, in your work actually with Mr. Secord?

For example, Secord has testified that he set the price for the arms to Iran. Secord decided what margin of profit you all should take. Secord decided what part of the excess of the Iran deal should go to the Contras. Secord also testified that while he often complied with North's suggestions, he also sometimes did not do everything that North asked for.

For example, North wanted more money always to go to the Contras. He was constantly asking for more of this so-called diversion money to go to the Contras.

So in dealing with the money, isn't it true, that really you and General Secord were the ones who were making that decision?

Mr. **Hakim**. Sir, I have testified that I saw contradictions; I saw his situation that if you will—I am not that much technical in the area of the government structure—whether I should refer to the administration or to the government, but whoever designed this structure, had a situation that they could have their cake and eat it too.

Whichever they wanted to have, a private organization, it was private; when they didn't want it to be a private organization, it wasn't.

So that is what I testified that that created a lot of confusion in my mind.

Mr. **DeWine**. I appreciate that.

Mr. Hakim, the one thing that we have learned from your testimony I think is that you are a good businessman. You were in this to make a profit and that you watch your money. You are not going to lose control of that money, are you?

In other words, you control it with the aspects in regard to the money of this operation. I just can't believe that from what I have heard, you will let this money get too far away from you.

Mr. **Hakim**. I guarantee you if it were decided that this was totally my money, your assumption is correct, sir.

Mr. **DeWine**. I am also talking about as this operation was developing, the actual operation.

Mr. **Hakim**. As the operation was developing the confusion was developing with it, too.

Mr. **DeWine**. But you are not going to let it get too far away from you, are you?

Mr. **Hakim**. I am saying that the actual fact, sir, was that I saw inconsistencies, I saw contradiction, I saw things happening that were not normal, because the situation—the best that I can describe it today is that whoever designed this structure designed it in such a way that they could have their cake and eat it too.

Mr. **DeWine**. Well, I'm not going to engage in an argument with you, and I don't know whether I agree or disagree with you. I would just observe, Mr. Hakim, that based upon what I heard from your testimony that you are always going to control your own money and you are always going to control the operation when your money is involved in it.

Let me move, if I could, to another aspect of this whole situation. You know, Mr. Hakim, as we members of this committee go through these lengthy hearings, I think most of us are trying to reserve judgment until we hear all the testimony. At least it has been my experience that that is the best way to do things.

But, as we go through, we make some preliminary judgments. And those judgments, I would tell you, are always subject to change later on as we hear additional testimony. Let me make sure that I have got the basic facts in regard to your relationship with Ollie North.

It is my understanding that you had your agent, Mr. Zucker—you provided Mr. Zucker with Mrs. North's home phone number. You instructed him to call Mrs. North, that he did in fact call Mrs. North and set up a meeting to meet with Mrs. North in Philadelphia, that you were aware of that meeting that it was going to take place in Philadelphia. You did not stop it in any way. In fact, you were actually encouraging this meeting.

Further, it is my understanding that you, when you supplied that phone number to Mr. Zucker and prior to the Philadelphia meeting, at no time did you ever tell Mr. Zucker, "Don't tell Mrs. North your name." Is that correct?

Mr. **Hakim**. I did tell him not to tell my name.

Mr. **DeWine**. That is not what you told us yesterday, if I recall your testimony.

Mr. **Janis**. I am sorry, may we——

Mr. **DeWine**. I am talking about Zucker's name now. Did you at any point——

Mr. HAKIM. I misunderstood.

Mr. DEWINE. I am sorry if I was misleading you. I apologize for that.

When you talked to Zucker, you never told Zucker, did you, "Don't tell Mrs. North Zucker's name."

Mr. HAKIM. I did not tell him to——

Mr. DEWINE. Either way.

Mr. HAKIM. Either way, right. I left it up to him.

Mr. DEWINE. You left that up to him. All right. So this meeting takes place and this meeting is to try to explore, in your words, to explore the possibility of getting information so that you could later on then make some sort of transfer for the benefit of the North family.

You pulled back from this thing when Zucker told you it can't be done. So you attempted to do that, but pulled back from that. Now, it is also my understanding, if I have my facts correct, that you set up a $200,000 account. This $200,000 account was to be used in case something happened to Mr. North. It was to be used for his family.

It is also my understanding—correct me if I am wrong—that that account still exists; is that right?

Mr. HAKIM. I——

Mr. DEWINE. It was never changed. You have testified yesterday, I believe, that you never actually killed that account.

In other words, you put that $200,000 in—it was to take care of the Mr. North's family in case something happened to him and nothing happened to him, but the account just stayed in there. Is that correct?

Mr. HAKIM. The spirit of what you are saying is correct, but as far as the bookkeeping is concerned there are a number of $200,000 setasides that have gotten so all confused, yes.

Mr. DEWINE. All right. You further set up a $2 million account and this $2 million account, if I read these documents correctly, provided that it could not be changed unless two of the three individuals—either you, Mr. North, or Mr. Secord, signed a document changing the account.

The $2 million account further provided that it would in fact go to Mr. Secord, his control, if something happened to you, if something happened to Mr. Secord, it would then go under the control of Ollie North and he would have control of that which would include the right to withdraw that money for whatever he wanted to do with it.

In other words, he could take it out. He had legal control over it.

Mr. HAKIM. Yes, sir.

Mr. DEWINE. It further provided, if I read the documents correctly, that upon the death of all three of you, something might happen to all three of you; that this $2 million would be divided up and would go down to the heirs of each one of you; is that correct?

Mr. HAKIM. Or their designees.

Mr. DEWINE. Or their designees if they would have designated that.

Mr. HAKIM. Right.

Mr. DEWINE. Now, as I have said, Mr. Hakim, we have learned you are a very good businessman, you are a very careful businessman, and you are a person who I think tries to cover all contingencies. I think it is very clear, as we study the documents and listen to the testimony, that Ollie North was essential, absolutely essential to this operation, that he was your entree to the U.S. Government, he was the person that made the contacts and was the person whereby you were able to buy these items, in fact these weapons, and then turn around and resell them.

You also have testified that—and the documents are very clear—that you have made millions of dollars on this operation. You have testified yesterday also that you felt that this operation could continue and that it was your intention if everything worked out to make millions more dollars so Ollie North was extremely—if I understand your testimony—extremely essential to this operation.

Now, the testimony has also been, Mr. Hakim, that one of your areas, really your prime area of expertise is not just as a businessman, but it is your ability to operate with governments, that it is that mix, and I think you told us the other day in your deposition, it is that ability where you mix the government and business and your selling to the government and you're dealing with government officials, you have made really a lifetime of doing that.

Now, with those basic facts stated and also the fact that you have told us that you have, in fact, in the past bribed government officials in Iran—have you not?

Mr. HAKIM. Yes, sir.

Mr. DEWINE. I understand your testimony, I want to be fair with you, and I want to make it plain that I am withholding final judgment on this, but with all of these facts, it just seems to me the logical conclusion that what you were trying to do with Ollie North was to influence him, you were trying to have him beholden to you, that you were trying to have him literally in your hip pocket——

Mr. HAKIM. That is——

Mr. DEWINE. I just, you know, I understand your statement that you do, in fact, like Ollie North, any witness who has testified says he likes Ollie North, so I understand that. But wasn't there really, Mr. Hakim, another overriding motive? Isn't this really the way you have always done business? In fact, you don't see anything unusual about this, do you? This is just part of the cost of doing business? This is just part of the price that it takes to make these millions of dollars that you obviously have made so far?

Mr. HAKIM. Senator, I would like to make—sir, Congressman, I would like to make the following statement.

Mr. DEWINE. Sure.

Mr. HAKIM. I do not disagree with your line of logic, but it has one very big gap in it. You take out of all this that I am a human being; I have all the emotions of a human being. I am not a machine. I do get attached to people; I can provide you with tangible facts that my attachment to people is great. I can go back to the very beginning of my business career and provide you with witnesses.

By you eliminating that important fact and also undercutting my understanding that in Rome, I do as the Romans do, you are leaving a bad taint on me. I understand how business is conducted in the United States. I understand the ethics here. I also understand the way business is conducted elsewhere, and also there is—please do not eliminate the human element of my structure.

Mr. DEWINE. Well, I appreciate those comments, and, as I said, as I prefaced my comments to you and my question to you——

Mr. HAKIM. But definitely, definitely, I assure you that in no way I wanted to compromise Ollie. That would have been the last thing that I would have done, and looking at it cold bloodedly, one—we got to a point that they needed me to open the second channel. I did not need to do any favors to Ollie. I testified to that yesterday. These things happened at a time that emotional issues were involved, and when I opened the second channel, I really, from the business point of view, I was in control. They needed me. I had the entree to Iran. It's they wanted to—it's they were unhappy with the first channel and so on.

I am trying to also add to this business rationale. Really it was the human end of this and not the business motivation for the setasides, sir.

Mr. DEWINE. Mr. Hakim, as I stated, prefaced my statement to you, this panel, I think, has an obligation, at least I feel I have an obligation to reserve final judgment until we get all the evidence in and your comments certainly will go into that. I think the evidence is just very strong, and I think it is clear, one thing is clear, that your actions have, in fact, raised some potential questions, at least in regard to this whole matter and have put Mr. North, I think, in a delicate position.

As far as Mr. North is concerned, I think the jury is still out on that. We don't know what he knew, when he knew it. We don't know if he knew whether his wife took this trip to Philadelphia. We don't know if they communicated about that. There is a lot of things we don't know. So I think we have to reserve final judgment in regard to him as well until we get all the facts in.

Let me——

Mr. HAKIM. Congressman, may I add something here, sir?

Mr. DEWINE. Sure.

Mr. HAKIM. I don't believe you will find any evidence throughout of my career that I paid anyone off in the United States.

Mr. DEWINE. All right. Thank you.

I would like you to look, if you could, Mr. Hakim, at exhibit No. 41. You have testified, Mr. Hakim, that this whole operation was a monster with a lot of heads, I believe was your testimony.

Mr. HAKIM. Not the operation, the enterprise, sir.

Mr. DEWINE. The enterprise, I am sorry. The enterprise was a monster with a lot of heads. I wonder if maybe we could put a few names on these heads, figure out exactly who is who here and whose money it ultimately is. I know you have talked a little bit about this, but I want to delve into it, if I could, just a little further.

My understanding is Korel—which is in the second column there—is Mr. Secord, is that correct? It was intended as Mr. Secord?

Mr. HAKIM. Intended for Mr. Secord, yes, sir.

Mr. DEWINE. At one point in time, he told you he didn't want any interest in this anymore?

Mr. HAKIM. That is correct.

Mr. DEWINE. In your mind, at that time did you just—you kept this account going; is that right?

Mr. HAKIM. That is correct.

Mr. **DeWine**. And why did you keep it going and not merge it with something else?

Mr. **Hakim**. Two reasons, sir. Effectively, something else didn't have any meaning as Mr. Jenkins established. We had a pigeon hole of companies, it effectively was one structure and many different holes so whether it stayed in one pigeon hole or another did not change the picture. The second reason was that I am a businessman. I like to look at issues as I can feel and touch them.

When General Secord transferred his interest to me, I didn't see him having an offer to go back to the government. I classified that as an emotional move, a similar emotional move was displayed during his hearings, that he gave all the money to Casey's foundation.

I analyze these things differently.

Mr. **DeWine**. Mr. Hakim, would it be a fair summary then that what you are testifying today is that when Secord told you that, when General Secord told you that you still considered this as his money, he could come back and get the money if he wanted after that, is that my understanding?

Mr. **Hakim**. Your understanding is correct and you should add to that that General Secord would never make a good businessman. He was born a general and will die a general.

With all due respect to him really, he is a great soldier and I have a lot of respect for him.

Mr. **DeWine**. I appreciate that.

Let me move on to Mr. Clines, who I guess is C. TEA. He did get his money, though, didn't he?

Mr. **Hakim**. He is a good businessman.

Mr. **DeWine**. And you are pretty good yourself, Mr. Hakim.

I look at the first column——

Mr. **Hakim**. I have some leftovers here. Not as good as Mr. Clines.

Mr. **DeWine**. How much does this show you pulled out of there so far, sir, if it is accurate?

Mr. **Hakim**. I really believe we all tried, including the committees, we have not been able to establish that because CSF's bookkeeping is not available to us, and wherever they ran out of a place to allocate the money, they had Albert Hakim, so they allocated that to Albert Hakim.

We were able to identify a number of such misallocations, so I can't be sure to answer that question.

Mr. **DeWine**. Do you think the column labeled "Capital Distributions" to 12-4-86 listing about $6.48 million, is that very far off, do you think?

Mr. **Hakim**. Very far off.

Mr. **DeWine**. You don't know whether it would be more or less?

Mr. **Hakim**. I think we have restructured that. That should be somewhere in the documents.

Mr. **DeWine**. It shows remaining of $4.6 million; is that right?

Mr. **Hakim**. You do recognize, Congressman, that at least $6 or $6.7 million is still in the account there. We have established that during the testimony.

Mr. **DeWine**. Mr. Chairman, if I could have one additional minute.

Chairman INOUYE. Please proceed.

Mr. DEWINE. Thank you, Mr. Chairman.

You have testified that there are obligations that have to be paid out of this. That was your testimony earlier.

Mr. HAKIM. Yes, sir.

Mr. DEWINE. I wonder if you could elaborate any more looking at each one of these accounts who has to be paid out of there? In addition to the—there was testimony about the second channel, an obligation there, but where else, what other obligations are there that you feel in your own mind exist?

Mr. HAKIM. Are you asking me what I think General Secord thinks——

Mr. DEWINE. No, what you think.

Mr. HAKIM. I really don't have an answer for that. I haven't given it thought. The whole issue is—needs to be examined.

[Counsel conferring with witness.]

Mr. HAKIM. Is there a question who are the people that we owe money to, is that the question?

Mr. DEWINE. That you owe money or any other obligation that you think has to come out of here before——

Mr. HAKIM. There are a lot of obligations. There are bills to be paid which we have not paid. You referred to some of the obligations yourself. We haven't heard yet if, for instance, the Iranian Government has any claim towards these. They may well say that they have been overcharged and they may have a claim against this. I have no idea. I do not want to start speculating and invite people to have claims on this.

Mr. DEWINE. Thank you very much, Mr. Hakim.

Thank you, Mr. Chairman.

Chairman INOUYE. Before calling upon Senator Rudman, I would like to announce that the special meeting which was scheduled to convene during the luncheon recess has been postponed.

Senator Rudman?

Mr. RUDMAN. I ask unanimous consent that the Reynolds memoranda and Mr. Janis' letter to Mr. Green be made part of the record.

Chairman INOUYE. Without objection, so ordered.

[The information appears in appendix B.]

Mr. RUDMAN. And I would to just advise the Members that the copies that they have of the Reynolds memoranda contains a name that is highly classified. A declassified version will be made available to the press and to Mr. Janis.

Thank you.

Chairman INOUYE. The hearing will stand in recess until 1:30 this afternoon.

[Whereupon, at 12:30 p.m., the Select Committees recessed, to reconvene at 1:30 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 1:30 p.m., in Room 325, Russell Senate Office Building, Hon. Daniel K. Inouye (chairman of the Senate Select Committee) and Hon. Lee H. Hamilton (chairman of the House Select Committee) presiding.

Chairman **Inouye**. Senator Mitchell.

Mr. **Mitchell**. Good afternoon, Mr. Hakim.

Mr. **Hakim**. Good afternoon to you, sir.

Mr. **Mitchell**. Mr. Hakim, you testified this morning in response to a question by Mr. Liman about a transfer out of the Korel Assets account to one Khalid Rhashid in the amount of $31,817 which you said went to the purchase of a Porsche automobile for Mr. Secord.

Do you recall that testimony?

Mr. **Hakim**. Yes, sir.

Mr. **Mitchell**. At the time that transfer was made, did Mr. Secord sign a note or execute any document indicating his intention to repay this amount?

Mr. **Hakim**. Not that I am aware of, sir.

Mr. **Mitchell**. Not that you are aware of. So as far as you are concerned and based upon your knowledge, that was not a loan, was it?

Mr. **Hakim**. I am not aware of his discussion with Mr. Rhashid and what sort of an arrangement they had. Mr. Khalid Rhashid had an arrangement to form a joint venture company with us, consulting work. As a matter of fact, he went ahead and leased a place for that purpose.

We did not follow with that. I don't know what General Secord discussed with him.

Mr. **Mitchell**. But the account Korel Assets was held for the benefit of General Secord, isn't that correct?

Mr. **Hakim**. That was my intention, sir, yes.

Mr. **Mitchell**. And the transfer of that sum of money out of that account to Mr. Rhashid did not reflect, based upon any of your discussions or dealings with General Secord, a loan from Korel Assets to Mr. Secord, did it?

Mr. **Hakim**. I did not treat it as such.

Mr. **Mitchell**. You did not treat it is such. And is the same thing true with respect to the second transaction to which Mr. Liman referred this morning, that involving an amount of $52,500?

Mr. **Hakim**. Are you referring to the money for purchase of an aircraft?

Mr. **Mitchell**. Yes.

Mr. **Hakim**. The same testimony.

Mr. **Mitchell**. The same testimony, that it was not a loan?

Mr. **Hakim**. That is the way I treated it.

Mr. **Mitchell**. What about the third transaction to which reference was made this morning, I believe an amount of $100,000 which went into a venture in which both you and General Secord were participants?

Mr. **Hakim**. I am not aware if that money came out of Korel or a different account. It technically should have come out of Scitech, sir.

Mr. **Mitchell**. In any event, whichever account it came out of, those portions of those funds which were used for the benefit of General Secord were not a loan as far as you were aware?

Mr. **Hakim**. The $100,000 was for the benefit of both of us in that timber investment.

Mr. **Mitchell**. In equal shares?

Mr. HAKIM. Yes, sir.

Mr. MITCHELL. And it was not a loan?

Mr. HAKIM. I did not treat it as a loan.

Mr. MITCHELL. You did not treat it as a loan. It was a distribution of a portion of the proceeds from the enterprise which was for your benefit and his?

Mr. HAKIM. I took it out of the profits.

Mr. MITCHELL. Right.

Mr. HAKIM. Made a transfer. But there was a definite issue there that I represented, and I believe it is also reflected in some of the documents to the people that we were dealing with, the so-called Marõstica group, that this was a loan that I was getting from a group of Middle Easterners. It was a misrepresentation to those people——

Mr. MITCHELL. It was, in fact, not a loan.

Mr. HAKIM. No, but I told that we were getting it and we had to pay interest on it and return it to them.

Mr. MITCHELL. And the first two distributions to which I referred in this questioning, the $31,817 and the $52,500, which were for the benefit of General Secord were not loans, they were, in fact, distributions of some portion of his share in the profits of this enterprise; isn't that correct?

Mr. HAKIM. I believe I took the money out of those accounts, but not with the intention of a loan. The money is there, it is profits. My approach towards it is different than that of General Secord's.

Mr. MITCHELL. And after his renouncing any profits, you held that account open and indeed made further allocations into that account. If General Secord at any later time had renounced his earlier renunciation and had said to you, "I have decided not to go into the government and, therefore, I will take my share of the proceeds," it would have been available for him at any time, would it not have been?

Mr. HAKIM. Definitely.

Mr. MITCHELL. So there was nothing in writing, or binding, or irrevocable about his renunciation of his share of the profits?

Mr. HAKIM. The answer is yes; but I am sure when he made that statement he was sincere at the time.

Mr. MITCHELL. I have no doubt of that and the answer is no not yes, it was not binding, it was not in writing——

Mr. HAKIM. No, it was not in writing——

Mr. MITCHELL. One final question.

You testified yesterday in response to questions by Mr. Liman about the circumstances in which Mr. Janis was not permitted to attend a meeting with you, and you said that you had made a mistake once, and you weren't going to make it again. Later on you said, and I will quote your words now because I wanted to ask you about them, "that it was an indication of my lack of trust in the government. They had stabbed me, and I was not prepared to be stabbed again." Do you recall that statement by you yesterday?

Mr. HAKIM. Yes, I do, sir.

Mr. MITCHELL. Mr. Hakim, who stabbed you?

Mr. HAKIM. Well, I have testified that I am really not a diplomat, a politician, to refer to one particular segment of the government, when I used the word "government," I use that in the spirit, that there was involvement of an element of the government, which to this day is unknown to me, that engaged us and did not stand behind us.

Mr. **Mitchell**. Governments, like corporations act though individuals, and elements of governments must be individuals.

Can you be specific about who you feel stabbed you?

Mr. **Hakim**. I cannot be specific, really. I cannot say that Oliver North, who was really the person that we were working with, representing the so-called "government stabbed me," because he was not in a position to even defend himself.

I just can't be specific. The whole structure, sir, is a mystery to me to this date. I can not put my hand on the elements of the government that structured the whole thing. That is why I used that very general terminology.

I hope some day I will be able to understand what that segment is.

Mr. **Mitchell**. Thank you.

Mr. Chairman, I just note that if one of the central participants finds this a mystery, think, Mr. Hakim, how we and the American people feel about it.

Chairman **Hamilton**. Mr. Boland?

Mr. **Boland**. Thank you, Mr. Chairman.

Mr. Hakim, you testified in your deposition that you met General Secord a number of times when he was on active duty and stationed in Iran; is that correct?

Mr. **Hakim**. That is correct.

Mr. **Boland**. Obviously, he was in a position to make decisions that could affect your fortunes as a businessman, I presume?

Mr. **Hakim**. I don't understand the question.

Mr. **Boland**. Wouldn't he be in a position to help you as a businessman after he left Iran?

How often did you meet with him when he was on active duty in Iran?

Mr. **Hakim**. I met him only as a result of the block that he created for me as the advisory member to the Iranian Air Force. That is the first time I came in contact with him. And any contact thereafter was in connection with my protest to him that he was competing with an American firm.

Mr. **Boland**. I take it that your contacts with him were sort of social?

Mr. **Hakim**. They were definitely not, they were not social.

Mr. **Boland**. Did you ever offer or provide him with anything of value while he was in the Air Force and stationed in Iran.

Mr. **Hakim**. Absolutely not.

Mr. **Boland**. You testified in your deposition that you kept track of General Secord's career after he left Iran by dropping in on him occasionally at the Pentagon; is that correct?

Mr. **Hakim**. That is correct.

Mr. **Boland**. Did you ever offer or provide him anything of value while he was in the Air Force, but after he left Iran?

Mr. **Hakim**. Definitely not.

Mr. **Boland**. Mr. Hakim, you are a businessman and apparently a good one. You provide things of value in exchange for compensation. I guess that's what a businessman does. The Iranian arms sale had as a separate component exchange of American weapons for American citizens held hostage in Lebanon. As you got involved in these arms sales transactions, did it ever strike you as a businessman as particularly gratuitous that there was a seemingly inexhaustible supply of both of the commodities of exchange in these transactions; that is, arms for hostages.

In other words, the Americans released by these arms sales didn't seem to reduce the total number of Americans seized and held in Lebanon. We now have at least as many Americans held hostage in Lebanon as we did when these arms sales began. That is a fact over which our government apparently has no control, but wouldn't you agree that it is also a fact that it worked for the benefit of the Iranians once they realized that the government was willing to exchange its missiles for its citizens?

Mr. HAKIM. You are asking for my opinion. I think this approach would have been a mistake for both of them. They should have addressed the real issues.

Mr. BOLAND. One final question, Mr. Hakim. Do you have any advice or counsel for leaders of government with respect to this kind of an enterprise? Will the exchange of arms for hostages ever succeed when it is carried on at the top of the government itself? Let me ask—have you ever been involved in any similar enterprise?

Mr. HAKIM. No, sir.

Mr. BOLAND. You have not. Then do you have any advice having been involved in this one, do you have any advice for leaders of government with respect to this kind of enterprise, stay out of it, get into it, can it succeed?

Mr. HAKIM. My advice, sir, is that there is a tremendous amount of competence in the private sector. We should find a method that we can overtly put to use for that segment of our country.

The businessmen who deal internationally are in contact with the foreign bodies. They feel them, touch them, understand their psychology. They have a wealth of knowledge that if it is not used it is a waste for the country. But there should be a clear-cut approach towards this.

It should not be a situation that, as I testified, it be a case that you can have your cake and eat it too; use this part of the country's capability, but use it properly.

Mr. BOLAND. Thank you for your answer, Mr. Hakim. I would like to compliment you for your forthrightness in your appearance before this committee.

Chairman INOUYE. Senator Cohen.

Mr. COHEN. Thank you, Mr. Chairman.

Mr. Hakim, at a meeting in which you served as interpreter, I believe at the second channel, did you ever indicate to the Iranians that they should show their bona fides by making a contribution for the Contras and for your company or enterprise?

Mr. HAKIM. The only thing that comes close to this that I recall was the case that I learned about a shipment of arms, if I am not mistaken, from North Korea to Nicaragua in favor of their government, not the Contras, and I made several observations in my negotiations with the Iranians. I told them how do you expect for the

United States to start dealing with you when you are shipping arms to the enemies of——

Mr. **Cohen**. The only question I have, did you ever recommend to the Iranians they should agree to a higher price so that they could help fund the Contras?

Mr. **Hakim**. I don't recall it in that way, sir. I do recall that they should have taken a measure to compensate for what they were doing with that shipment of arms.

Mr. **Cohen**. If I have time, I will come back to it.

Mr. **Hakim**. Speaking of your business prowess, when you cut out the Canadian businessman, you hired Tom Clines to purchase the weapons——

Mr. **Hakim**. You mean that General Secord did that.

Mr. **Cohen**. General Secord, with your agreement, I assume?

Mr. **Hakim**. I had no decision, or power in that decision.

Mr. **Cohen**. In any event, the Canadian businessmen were cut out and Tom Clines was hired, and you thereby reduced the overhead, did you not, because you got a better deal working with Clines than you did with the Canadian businessman?

Mr. **Hakim**. We increased our profits.

Mr. **Cohen**. You increased your profits, and the same thing happened in the second channel when you cut out Mr. Ghorbanifar, you thereby had an opportunity to reduce the overhead in that sense, you didn't have to pay him off?

Mr. **Hakim**. In both cases, we increased the efficiency of the operation, sir.

Mr. **Cohen**. The efficiency meaning your profits?

Mr. **Hakim**. Efficiency for the purpose of the government, sir.

Mr. **Cohen**. Just the government, not for yourself?

Mr. **Hakim**. No, I have continuously, without any pretense, mentioned about my financial motivations. At the same time, I want it to be understood that at no time did I let the prime purpose to get out of mind. We increased the efficiency of our activity to enhance the situation of the United States in both cases.

Mr. **Cohen**. If there were no profits in it for you, would you have undertaken this operation?

Mr. **Hakim**. I probably would have.

Mr. **Cohen**. What is Mrs. North's name?

Mr. **Hakim**. I believe I learned that—not that I did not know it before, it has skipped my mind, I just read today in one of the newspapers, I believe her name is Betsy.

Mr. **Cohen**. Did you know at the time you set up the fund for North's family?

Mr. **Hakim**. I don't think I did. I don't recall, sir.

Mr. **Cohen**. The reason I asked is you indicated you felt close to North's family, but I don't believe you indicated whether you knew Mrs. North at the time or how many children he had.

Mr. **Hakim**. I testified I didn't know her—still don't.

Mr. **Cohen**. Or how many children he had at the time?

Mr. **Hakim**. Exactly.

Mr. **Cohen**. I notice that you feel a particular kinship to people who are willing to risk their lives for their country. Colonel North for one, but also with reference to channel number two you indicated how this individual time after time repeated his bravery and you felt a particular kinship—you wanted to sort of help his children out with a little demonstration of shirts or jeans or whatever.

You seem to be attracted to men who are risk takers and you can't resist making gifts to those risk takers. Is that an unfair statement?

Mr. HAKIM. Yes, it is. I would change risk takers to sincere people.

Mr. COHEN. Sincere people, both Colonel North and channel number two, both happen to be in very high positions within the Government of the United States and in Iran, they have that in common, right?

Mr. HAKIM. I don't know whether it is high positions sir, but influential.

Mr. COHEN. Did you by the way try to set up an educational fund for channel number two?

Mr. HAKIM. It didn't cross my mind, sir.

Mr. COHEN. Why not?

Mr. HAKIM. He was not spending that much time with me and we were not that close.

Mr. COHEN. Why didn't you set something up for Bud McFarlane, someone who is dedicated to his country, on the trip to Tehran, also risking his life?

Mr. HAKIM. I hadn't met the gentleman.

Mr. COHEN. You never met him?

Mr. HAKIM. I never met him until as I testified when he returned from Tehran, when they were changing planes I met him for a brief moment.

Mr. COHEN. You didn't pur much stake in General Secord's forswearing of his piece of the pie so to speak—you didn't put much faith in the fact that he really wanted that to happen?

Mr. HAKIM. I thought a minute ago I said he was sincere when he gave that up.

Mr. COHEN. But not so sincere that you decided to close the account and take it for yourself.

Mr. HAKIM. I am sorry to see that people keep forgetting the element part of me.

Mr. COHEN. Which part?

Mr. HAKIM.—the human element part of me. I am not just a money machine, sir, and I react to people's human——

Mr. COHEN. Let me ask you this—you say he was sincere. Did he make a gift to you of that amount at that time, did you consider that to be a gift to you?

Mr. HAKIM. I believe my testimony was that he was dissatisfied, if you will be patient——

Mr. COHEN. Answer the question. Did he make a gift to you at that time, did he renounce any share in the profits from the sale of arms?

Mr. HAKIM. You could reach that conclusion.

Mr. COHEN. Did you report it on your income tax as a gift?

Mr. HAKIM. No, sir.

Mr. COHEN. You maintained it separate so you weren't going to pay any income tax on profits, half of which belonged to him?

Mr. HAKIM. I did not even draw on Mr. Secord's gift to me. It is still there.

Mr. **Cohen**. Because you didn't think it was a completed gift because you had no intent in closing that account at that time?

Mr. **Hakim**. I still haven't closed it.

Mr. **Cohen**. One final point if I might, Mr. Chairman. Did you really place any stock in the argument that General Secord wanted to renounce these profits because he wanted to go back into government, that the President of the United States who would appoint him to a position within the CIA might hold against him the fact that he was making profits on the arms—did you give that any credence?

Mr. **Hakim**. I repeatedly said that I do not classify myself as a politician. I don't focus on these issues. I looked at the events from a businessman's point of view.

Mr. **Cohen**. But in your experience, it would be rather unlikely that the very person who called upon the talents of General Secord would then be unwilling to reward him with a government position for carrying out his wishes, wouldn't you find that highly unusual?

Mr. **Hakim**. I have no opinion, sir.

Mr. **Cohen**. That is all I have.

Thank you, Mr. Chairman.

Chairman **Hamilton**. Mr. Broomfield.

Mr. **Broomfield**. Thank you, Mr. Chairman.

Mr. Hakim, I am wondering if you could give us your best judgment of where we go from here? In other words, in view of recent events, what is the situation as far as the U.S. relationship with the so-called moderates in Iran?

Mr. **Hakim**. My assessment is that their position has not changed. I believe if we take proper steps, we can achieve a lot, quite a bit. I don't believe that when they approved us, they did not have a plan to go through this, and I am hoping to God that we would, in addition to the position that we are talking in the Gulf, come up with an alternative or parallel position to try to get back this time more properly on the same pattern of trying to reestablish communication with Iranians.

I believe it can be achieved.

Mr. **Broomfield**. Mr. Hakim, to your knowledge, what degree does the Khomeini regime in Iran have control or influence over what happens to the U.S. citizens who are taken hostage in Lebanon?

Mr. **Hakim**. I believe that the Iranian regime has used up a lot of their blue chips, if you will, in connection with the Lebanese. I also believe that if the religious leader himself, who no longer really participates in the political operations of the country, Khomeini, if he himself would take upon himself as a religious leader to come out and address the captors—the captors would respect their religious leader and free our hostages.

However, I don't believe the executive branch, if you will, of the Iranian Government has that much credibility any more to be able to help with the release of hostages unless we would find willing ears also towards the Lebanese problem.

I don't believe that this is simply an Iranian problem. That was what I understood and learned during the so-called Hakim accord, and I really think that you should look at the total system and not focus on Iran alone.

Mr. BROOMFIELD. To your knowledge, who really came up with this whole idea of trading arms for the hostages, in your judgment as you reflect back?

Mr. HAKIM. I think the pace was set by Mr. Ghorbanifar. I think he set the pace and he poisoned the well in Iran, and——

Mr. BROOMFIELD. Would you explain that a little bit more?

Mr. HAKIM. I believe that Mr. Ghorbanifar intended to create a system through which he could continue to sell arms to Iran and release hostages and then for the Lebanese to go on and get more hostages and for the United States to sell more arms. And this is what I established immediately when I was briefed.

That is why I disagreed with that approach. That is why I tried very hard to get to that layer of the Iranian Government that could see beyond exchange of arms for hostages.

Mr. BROOMFIELD. Another area that has troubled me is this extra profit that was derived from the sale of the arms, to go to the Contras. Who drummed up that idea?

Mr. HAKIM. I really don't know, sir.

Mr. BROOMFIELD. Because this brings it into a whole new dimension because it is my understanding that the administration's position originally was to open up new avenues of communication with the so-called moderates in Iran hoping that this might bring about some release, help on the release of those hostages in Lebanon, and then it seems to me the next step was if we could only get just a few weapons over there, everything is going to work out.

Not only did we give them weapons, but this huge profit was derived—not huge profit, but probably this investigation is going to cost more than actually was diverted to the Contras——

Mr. HAKIM. I agree with you, sir.

Mr. BROOMFIELD. It is unbelievable but go ahead. But the point is I am curious how all this happened. Why did it happen? Who came up with that idea that this money ought to go down to the Contras?

Mr. HAKIM. I don't know who came up with the idea. Probably it was as a result of the evolution of events, the Contra project was outstanding, the Iranian case came about, the opportunity was to markup the prices and mind you, sir, I am thinking like a businessman and businessmen tend to take advantage of any situation to achieve their purposes. So that is the only conclusion that I can reach that they both happened at the same time, so they came up with this idea.

Mr. BROOMFIELD. One final thing, and I hope you don't take offense on this, Mr. Hakim——

Mr. HAKIM. I will keep an open mind, sir.

Mr. BROOMFIELD. But as an American citizen obviously concerned about your country's relations in the Middle East, don't you think something is wrong when a great nation has to turn to an inexperienced private citizen in order to pursue sophisticated and very sensitive international diplomatic missions?

Mr. HAKIM. Generally speaking, sir, you are correct, but it is also very important that we take into consideration—you talk about sophistication—I believe the reason Colonel North, Mr. Cave, General Secord did not succeed and the discussions broke off, it was because they showed too much sophistication. What I am trying to say is that it is a mistake for the United States to size all nations in the world with the same yardstick that we measure our own capabilities and competence.

Mr. BROOMFIELD. I thank you very much for your answers.

Mr. HAKIM. Thank you, sir.

Chairman INOUYE. Senator Rudman.

Mr. RUDMAN. Thank you, Mr. Chairman.

Mr. Hakim, I want to thank you for your testimony before the committee and for the enormous amount of records you have provided. For the many days of deposition you have provided. I have read most of them. I would characterize your testimony as being very candid, very helpful.

I do want to tell you that I think you are naturally somewhat protective of your former or present business partner, General Secord, and of Colonel North, but you speak often of the human factors and I think that we understand that.

But I think you have told us generally what you know.

I just have a few factual questions for you. I believe that you have had most of the questions asked that can be asked, but there are a few points that have not been covered, and I would just like the benefit of your recollection, and I having looked at your deposition believe these are all things within your knowledge.

I believe that there was a finder's fee paid for the Trans-America arms purchase which was shipped to Mr. Calero, is that correct?

Mr. HAKIM. That is my understanding, sir.

Mr. RUDMAN. And could you tell us who the finder's fee was paid to?

Mr. HAKIM. To the law firm of Mr. Green.

Mr. RUDMAN. And do you know how much that was?

Mr. HAKIM. I cannot recall, sir.

Mr. RUDMAN. Was it in the many thousands of dollars, or was it a small amount?

Mr. HAKIM. In many thousands of dollars, sir.

Mr. RUDMAN. Somewhere in the $40,000 to $50,000 range?

Mr. HAKIM. It could be that much or more; I don't remember.

Mr. RUDMAN. And, in fact, was a transfer to Mr. Green on April 10, 1985, of a totally separate amount of money from the Korel account, charged to General Secord in the amount of $45,000?

Mr. HAKIM. I recall that entry, indeed, in the ledgers.

Mr. RUDMAN. Do you recall that that was characterized as a loan as opposed to payment for legal fees.

Mr. HAKIM. There were also legal fees.

Mr. RUDMAN. I have those here. I am not going to talk about those there is a question about those.

Mr. HAKIM. There was legal fees and also a loan. I don't remember this particular entry referring to which one of them, sir.

Mr. RUDMAN. Well, the ToyCo account was debited for $15,000 and then $10,000 in September 1986. It is my understanding that that was legal fees.

My understanding from your previous testimony is that the Korel transfer of $45,000 to Mr. Green was a loan; is that correct?

Mr. HAKIM. Yes, that is correct, sir.

Mr. RUDMAN. And that came, I believe, from the proceeds of the enterprise?

Mr. HAKIM. Yes, sir.

Mr. Rudman. Now, have you seen the diversion memo that we have in our files?

Mr. Hakim. I believe it was shown to me during one of the meetings we have had for the depositions.

Mr. Rudman. It is my understanding you have seen it, and the interesting thing about it is this memo, whether it was legal or illegal, is not even under discussion here but that memo had a scheme, a plan, a rather clever one, to markup weapons to Iran and then take the money, estimated here at $12 million, to purchase critically needed supplies for the Nicaragua Democratic Resistance Forces. That is the genesis of the idea that someone had and we would like to find out who that was?

This particular document, I believe, counsel can correct me if I am wrong—was found in Colonel North's office. You have seen this?

Mr. Hakim. Yes.

Mr. Rudman. That is not what happened.

I mean, if someone wanted to divert the $12 million to the Contras, if that is what U.S. Government officials wanted to do, you didn't follow those instructions, I take it?

Mr. Hakim. I am not sure that I understand the question.

Mr. Rudman. Let me restate it.

Did anyone tell you specifically that there was a scheme here and the scheme was to markup the weapons and to then take the proceeds or the profit, if you will, and ship it down to Mr. Calero's forces?

Mr. Hakim. I recall statements to the effect that some of the so-called profits from the Iranian sales to be used for the benefit of the Contras.

Mr. Rudman. Some?

Mr. Hakim. Yes.

Mr. Rudman. But not all?

Mr. Hakim. Definitely not.

Mr. Rudman. And then Colonel North, I take it, was aware of the fact that not all of the proceeds would be used to divert to the Contras?

Mr. Hakim. I believe General Secord made that very clear to him.

Mr. Rudman. So it would be your testimony that you, General Secord, and Colonel North—who can speak for himself, of course, when he gets here—all recognized that there would be an enterprise that would be set up for all the reasons you have testified—we don't have to go over all these reasons, they are in the record—and they certainly knew that the profits weren't to be diverted in total to the Contras?

Mr. Hakim. I agree, sir. And in addition to that, I could not see how we could make $12 million out of sales of 3,000 TOWs and that was the quantity of TOWs that I understood to have been approved to be sold to Iran.

Mr. Rudman. Well, I think the profits finally were more than 12, if you want to add up the moneys that came from private donors and Lake Resources accounts, there certainly was money available.

Mr. **Hakim**. No, no, we are talking bout the proceeds from the sales of arms to Iran. I could not see how you could have had that much.

Mr. **Rudman**. There was a $6,500 profit per TOW, so that would add up——

Mr. **Hakim**. That was the markup, sir. There were other expenses.

Mr. **Rudman**. All right.

At any rate, you have answered the question.

It was, even though we have this diversion memo, there is no agreement that all of the profit would be diverted?

Mr. **Hakim**. No, no, sir.

Mr. **Rudman**. I want to tell you, Mr. Hakim, you are a very candid witness.

I wish other witnesses would come forward and say I got into this, took a lot of personal risk, and did it both for the country and for myself.

Senator Trible from Virginia, describes General Secord as a patriot and a profiteer. I think you are a patriot and businessman.

Mr. **Hakim**. I appreciate that, sir. Thank you.

Mr. **Rudman**. Now, one last question. You have lived in this country for 20 some odd years, and you have a very interesting background that most of us wouldn't have any understanding of. You understand the Iranian culture and the way they do business there and you understand our culture, and the way we do business here.

Mr. **Hakim**. Yes, sir.

Mr. **Rudman**. And you said late this morning that you understood the ethics of the United States.

Mr. **Hakim**. I do.

Mr. **Rudman**. Well, I want to put this question to you for you to ponder because we are going to have to hear from Colonel North. Certainly, Mr. Hakim, you are sophisticated enough to know that by asking Colonel North's wife to come to Philadelphia—and I don't know if that happened or not, but we will find out—by trying to divert money through real estate firms for services maybe not rendered in full, by naming him in a will, and by doing other things that were done, that Colonel North was going to put—be put in tremendous jeopardy, because let us go on the assumption that Colonel North never asked for any of this to be done.

Colonel North is now in a position of not having informed the U.S. authorities that these attempts were being made. Don't you—did you not realize at the time with Mr. Zucker, who understands U.S. laws and ethics, that even a good faith—and I will take your human values for what you state them to be—even a good faith effort to help Colonel North would put him in tremendous jeopardy?

Mr. **Hakim**. I agree with you, sir. I do agree with you. But the intent counts. We made a try. We made an attempt. We did not succeed. I didn't think that the attempt in itself would be harmful.

Mr. **Rudman**. Well, Mr. Hakim, Mr. Chairman, if I could have just another 30 seconds, certainly Mr. Zucker, who from what I know of him, and I know something of him, is a sophisticated lawyer and a good lawyer certainly, and you know from living here in this country, that U.S. officials, be they Congressmen, Senators, cabinet officers, members of the military, have a duty to report any attempt to pass things of value to them out of the ordinary course. Certainly, you knew that.

Mr. **Hakim**. Definitely. As a matter of fact, I was a witness when the Iranians brought him a gift and he did not accept it. I mean officials.

Mr. **Rudman**. You put Colonel North in a position which he in good faith or Mrs. North may not have thought of, and I say this sincerely, of listening to a scheme which put them in a position, and if they had not reported this to the proper authorities, it has put them in extreme jeopardy.

Didn't anybody give this any thought when this started?

Mr. **Hakim**. I am afraid not.

Mr. **Rudman**. It just seems to me, Mr. Chairman, and I will conclude, that one of the unintended, and I emphasize unintended, effects of this getting private businessmen involved with U.S. officials and U.S. military is the possibility of very corrupting and very corrosive effects on our government, and that is why, of course, although this investigation may cost more than the diversion, it will be worth every dime, Mr. Hakim.

Mr. **Hakim**. I agree with what you say.

Mr. **Rudman**. Thank you.

Chairman **Hamilton**. Mr. Brooks.

Mr. **Brooks**. Thank you, Mr. Chairman.

Mr. Hakim, I want to congratulate you as one of the more interesting witnesses that I have ever had the pleasure of listening to.

Mr. **Hakim**. Thank you, sir.

Mr. **Brooks**. Interesting and innovative, resourceful.

Mr. **Hakim**. Thank you.

Mr. **Brooks**. And with great business skill. I don't know if I would want to trade with you too much. I would want to watch you pretty close while we did.

You testified that in 1980 your business was dependent almost exclusively upon Iranian sales, is that correct?

Mr. **Hakim**. I believe I said until before the revolution, sir. After the revolution, I had no longer any business ties with Iran.

Mr. **Brooks**. And after the fall of the Shah actually your business virtually dried up, and that business was gone.

Mr. **Hakim**. Yes, sir.

Mr. **Brooks**. Were you involved in any way in discussions and negotiations or activities concerning the release of the hostages held in the U.S. Embassy in Iran in 1980 or 1981?

Mr. **Hakim**. Yes, I was, sir.

Mr. **Brooks**. Could you explain that?

Mr. **Hakim**. I was approached by General Secord. I met with him in Washington in the Pentagon. He told me that there was an idea, an attempt to try to rescue the American hostages, the so-called embassy—American Embassy hostages, and if I would be prepared to make available to him the contacts and facilities that I had in Iran, including the company that I had and for some time after the revolution I maintained that company and the employees in it.

And I said definitely I would be available. He told me that some other intelligence-type government officials would contact me and would take it from there. And, indeed, such contact was made, but later I learned that the whole project was aborted.

Mr. BROOKS. And so that was the extent of your participation?

Mr. HAKIM. I understood that the project never got off the ground.

Mr. BROOKS. Now, at the time General Secord became your partner in 1983, did your business have any appreciable activity then, or was it rather dormant?

Mr. HAKIM. It was dormant, and we had great opportunity with a certain client that could have yielded a big profit for us, and we started to promote that particular product. But as a result of creating the Contra-Iran commitment for ourselves, those people had to terminate us.

Mr. BROOKS. Prior to 1983, had you or any of your businesses been involved in weapons transactions?

Mr. HAKIM. Not more than the Olin case that I explained. That was not really my own business; I was doing that at the behest of another individual.

Mr. BROOKS. Would you say that your business prospered substantially since Mr. Secord became your partner in 1983?

Mr. HAKIM. I am afraid I didn't understand the question.

Mr. BROOKS. Have you done well financially since Mr. Secord became your partner——

Mr. HAKIM. Yes.

Mr. BROOKS. In 1983?

Mr. HAKIM. Yes.

Mr. BROOKS. Hasn't all of this growth been attributable to General Secord and Colonel North's connections with weapons deliveries to Iran and to the Contras?

Mr. HAKIM. No, sir.

Mr. BROOKS. What has it been attributed to?

Mr. HAKIM. My own contacts and my own marketing skill.

Mr. BROOKS. With the Contras and with Iran?

Mr. HAKIM. With Iran.

Mr. BROOKS. With Iran, but not with the Contras?

Mr. HAKIM. Not with the Contras and not with weapons.

Mr. BROOKS. Did not General Secord and Colonel North set up a substantial operation in the Contra supply in which you participated?

Mr. HAKIM. Mr. Brooks, are we talking about the same date, you say prior to 1983?

Mr. BROOKS. No, no, after 1983 when——

Mr. HAKIM. Sorry, I misunderstood you.

Mr. BROOKS. When you were with Secord. That is all right. We will start over.

Mr. HAKIM. OK.

Mr. BROOKS. What I am saying is——

Mr. HAKIM. After 1983?

Mr. BROOKS. After 1983, your business became better, and my question was would you say that, hasn't most of this growth been attributed, been the work of and through the connection with General Secord and Lt. Col. North and their connections with weapons deliveries to both the Contras and to Iran?

Mr. HAKIM. The answer is yes.

Mr. **Brooks**. All right. That is what I am asking.

Now, Mr. Hakim, I have just one more real question. You testified that when you discovered that Mr. Wilson and Mr. Terpil had, as you put it, penetrated your system, you terminated any relations with them, and you filed a suit against Mr. Wilson. Are you aware that Mr. Clines had a close relationship with Mr. Wilson?

Mr. **Hakim**. I knew that they knew each other. I did not know whether they were close, sir.

Mr. **Brooks**. They apparently had worked together and were friends, and with your attitude about the disreputable nature of doing business with Mr. Wilson and Mr. Terpil, I was wondering how you had ever permitted Clines to become an associate of yours and Mr. Secord, General Secord.

Mr. **Hakim**. He was brought in as, by General Secord. To this date, I have no information that Mr. Clines has done anything improper. I am not aware of it if he has done anything improper.

Mr. **Brooks**. Well, I want to thank you for your candid education of Americans in the way of doing business that you have prospered in doing, and I think it was an interesting description of how you do business, and I enjoyed it.

Mr. **Hakim**. Thank you, sir.

Mr. **Brooks**. I think they would shoot me in East Texas if I did it, but it works good in lots of places. It has been a pleasure to do business with you.

Mr. **Hakim**. Thank you very much, sir.

Chairman **Inouye**. Senator Heflin.

Mr. **Heflin**. Mr. Hakim, I suppose that you heard about the Lebanese paper running an article disclosing this arms—the American transactions with the Iranians sometime in the fall of 1986, before Attorney General Meese announced on the 25th of November—you were acquainted with the fact that there had been a newspaper article about that and that—did this cause you some concern about the enterprise when it was disclosed in the press?

Mr. **Hakim**. Yes, it did, but it was not a surprise.

Mr. **Heflin**. All right, sir.

Now, after that time, did you, General Secord, and Colonel North get together and discuss the enterprise?

Mr. **Hakim**. I cannot recall when General Secord and Colonel North and I got together. I can recall only one instance that I believe we have labeled it as being the 24th of November if I am not mistaken, sir.

Mr. **Heflin**. All right, sir.

Had you had a meeting before the 24th with the three of them?

Mr. **Hakim**. Not that I can recall, sir.

Mr. **Heflin**. I will ask you this: Did you give any instructions to either Colonel North or to any representative of Colonel North that certain documents that you had given to Colonel North ought to be destroyed or shredded?

Mr. **Hakim**. The answer is no, sir, and I don't recall having even given any documents to Colonel North.

Mr. **Heflin**. In other words, you did not give any instructions whatsoever pertaining to the destruction of any documents at any time?

Mr. **Hakim**. The answer is no, sir.

Mr. **Heflin**. Now, you have probably read or seen on television some discussions of the nation of Brunei, that there was to be a $10 million contribution from Brunei.

Do you remember having any discussions with anyone pertaining to a donation coming in a substantial amount from any foreign country?

Mr. **Hakim**. I recall about an amount of $10 million to be in the pipeline. The origin of it was not disclosed to me. However, I do recall that I was told it is coming from the Far East when I was trying to trace the money back which we had not received. I was not aware that it came from a foreign government.

Mr. **Heflin**. Who told you this?

Mr. **Hakim**. General Secord, I believe, sir.

Mr. **Heflin**. All right.

Did you—was it identified to you in what account it would be deposited?

Mr. **Hakim**. To the best of my recollection, we had given the account of Lake Resources, if I am not mistaken.

Mr. **Heflin**. You had given an account specifically for the receipt of this $10 million?

Mr. **Hakim**. If I am not mistaken, Lake Resources was the collecting company that we were using at the time. We had not abandoned it yet.

Mr. **Heflin**. Were you given any specific information that it was to come to the Lake Resources account?

Mr. **Hakim**. The bank account number, sir.

Mr. **Heflin**. Just the bank account number?

Mr. **Hakim**. And the name of the account.

Mr. **Heflin**. Were there any instructions or any information given to you that it was to be segregated and separated from the main account?

Mr. **Hakim**. What main account, sir?

Mr. **Heflin**. The main account of Lake Resources.

Mr. **Hakim**. Lake Resources was the main account.

Mr. **Heflin**. It starts with 386.

Mr. **Hakim**. Lake account was the main account, sir.

Mr. **Heflin**. The $10 million, were any instructions given to you that or any understanding it should be separated from that account and put into another account after receipt?

Mr. **Hakim**. What I can recollect, sir, was that—I could be off on this—but I remember was that we had to segregate $7 million of this. I can't remember the details of this. I knew that we were receiving this money and only part of it was supposed to remain in our account for the purchase of weapons and the rest had to be segregated and no specific instruction was given to me.

It was left to the time that we would collect the money.

Mr. **Heflin**. But you remember specifically that a certain portion of the money was to be spent on weapons?

Mr. **Hakim**. Yes.

Mr. **Heflin**. Not humanitarian aid?

Mr. **Hakim**. I believe we were short of money at the time. Again, I am speaking from my memory. That a certain amount of that was supposed to be spent for the purpose of the Contras.

I understood that it would be for the purchase of arms. I could be wrong, sir.

Mr. **Heflin**. So now you got from General Secord that it was to be divided into two parts, one $3 million and one $7 million?

Mr. **Hakim**. That is my recollection.

Mr. **Heflin**. Which of those, the $3 million or the $7 million, was to be spent on arms for the Contras?

Mr. **Hakim**. The three, sir.

Mr. **Heflin**. The $3 million was to be spent on arms for the Contras?

Mr. **Hakim**. That is what I recall, sir.

Mr. **Heflin**. What were the instructions that you had pertaining to the $7 million, as to where it would go?

Mr. **Hakim**. I was told as the money gets there, I would be given the instructions.

Mr. **Heflin**. You would be given the instructions then in regard to it, so you don't have any question that $3 million was to go to arms?

Mr. **Hakim**. As I mentioned earlier, sir, that was my deduction, that since $3 million was going to remain with us, we were going to spend that on arms.

Mr. **Heflin**. If you separated seven and three, and you didn't know you would receive later instructions relative to the seven, you had specific instructions as to the three, did you not?

Mr. **Hakim**. Yes, to be used out of our enterprise.

Mr. **Heflin**. For arms?

Mr. **Hakim**. That was my deduction, sir.

Mr. **Heflin**. Who was to direct the sale relative to the $3 million as to whom you would buy the arms from?

Mr. **Hakim**. I don't think I focused on that, sir. I assumed that we would follow the normal channel that we had done to that date.

Mr. **Heflin**. All right, sir. Let me ask you this—how old is Mr. Zucker?

Mr. **Hakim**. Mr. Zucker, I believe—please forgive me, Mr. Zucker, if I over—go over your age—I believe he is about 54.

Mr. **Heflin**. Is the present state of affairs, according to what the staff tells me, that the recipient of the $10 million that went into a different bank account, not the one of Lake Resources, has not yet been ever identified other than being a Swiss businessman who is a Swiss national and has been identified relative to the information from a judge, who has a wife who is a doctor.

Does Mr. Zucker have a wife who is a doctor?

Mr. **Hakim**. Yes, but Zucker is not a Swiss citizen, sir.

Mr. **Heflin**. He is not a Swiss national?

Mr. **Hakim**. No, sir.

Mr. **Heflin**. He was an American?

Mr. **Hakim**. He is an American.

Mr. **Heflin**. The information is that this individual is a man of approximately 60 years of age. Could Mr. Zucker be in effect—his appearance appears to be 60 years of age?

Mr. **Hakim**. His appearance is younger than his age of 54. He looks more like 50.

Mr. **Heflin**. If he has a wife who is a doctor and this Swiss national has a wife who is a doctor, what is the population of Geneva?

Mr. **Hakim**. Sir, I missed the question.

Mr. **Heflin**. What size city is Geneva? In other words, if two wives are doctors, it would appear the husbands might know each other.

Mr. **Hakim**. If they are both in the shipping business, sir, they should, but Mr. Zucker is not in the shipping business.

Mr. **Heflin**. He is not in the shipping business. It may well be that it does strike a little coincidence. I believe that is all.

Chairman **Hamilton**. Mr. Rodino.

Mr. **Rodino**. Thank you very much, Mr. Chairman. Mr. Hakim, everyone has been making much of the fact that you are rather candid, you are frank and I believe up to a point that you have been trying to be candid.

I would like to clear up a point, though. Senator Cohen asked you whether or not if there had not been a profit you would have undertaken the task that you had been given, and your response to him was, "Probably." Did you mean that you would have undertaken the task without a profit?

Mr. **Hakim**. I think I was asked that question at a later date. When you talk about the task, are you referring to the Iranian effort?

Mr. **Rodino**. Well, I am talking about any task that you undertake, because I think that Senator Cohen asked you whether or not you would have undertaken the matter without a profit motive.

You said probably, and I am confused, because I don't know whether or not as a businessman who has stated very plainly that you are interested in profit as well as you initially stated in doing something for your country and for the United States.

Mr. **Hakim**. To be totally candid with you, sir, it would be—I have in my own mind to evaluate the value of the services that I can render, and make a judgment whether the services that I can render outweighs my personal profit and how long I have to spend in rendering that profit, if it would be short term, I probably would get into it without any profit, but if it would require years of involvement, I don't think I would do it.

Mr. **Rodino**. Let me say that you made an opening statement, and I think you were very thoughtful in the preparation of that statement, and I just wanted to clear the point because I recall your stating that:

> As a businessman, I never pretended to undertake the tasks I was asked to perform for philanthropic purposes, and I made that clear to all of those with whom I was involved, including General Secord, Lt. Col. North, the CIA and the Iranians.

That means in any undertaking, isn't that the fact?

Mr. **Hakim**. That is correct, sir, but there is also another side to this statement.

Mr. **Rodino**. But this statement is clear——

Mr. **Hakim**. The answer is, yes, because my understanding was that this was going to take a long time, and it did.

Mr. **Rodino**. You were interested in the profit motive then?

Mr. **Hakim**. I never denied that, and I don't now.

Mr. **Rodino**. I hope that you don't, but you left the impression at one point that you might have undertaken something even if there were not a profit.

Let's go on to something else because Senator Rudman struck a note here that I think——

Mr. **Hakim**. May I add something to here?

I was asked in December, I believe, to make an introduction between the Iranian channel and the State Department, and there was no money in that for me, and I went through a lot of hardship to arrange that at a time that there was no confidence whatsoever by the Iranians in the Americans, and I did that without having any possibility of making any money out of that effort, just for the sake of the record.

Mr. **Rodino**. Let me just state, as I was beginning to say, that Senator Rudman, I think, struck a note here when he made mention of what we all, I think, should bear in mind as we move on in this, that where there is a possibility of using private business people in situations where there could be profit, and corruption could inadvertently arise, I think we have to not only bear that in mind, but we have to recognize that here where there has been a stated American foreign policy not to trade arms for hostages, that we used an American arms dealer to negotiate for hostages, and an arms dealer who we know has been in business for the purpose of making profit in various transactions. That bothers me a good deal.

I would like to call this to your attention, and I want to fair on this and ask you to reply to it. But you mentioned that under Colonel North's seven point plan, we would exchange arms for the release of all the American hostages.

Under your nine-point plan we would receive one-and-a-half hostages for the arms shipment. Does this in any way suggest that you would feel that you could carry on this transaction for the purpose of gaining a profit until we got all the hostages?

Mr. **Hakim**. That was not the intention, sir.

Mr. **Rodino**. Well——

Mr. **Hakim**. In total—the total amount of arms, the total amount of TOWs did not change in either plan. The hostages remained constant; the number of hostages were the same; the total amount of TOWs were the same.

In no way the nine point program would have increased my profitability. I came to that——

Mr. **Rodino**. In other words, you were not thinking in terms of delaying something for the purpose of a bigger profit?

Mr. **Hakim**. To the contrary, if the seven point plan would have been accepted, we would have shipped all the goods at the same time, all the hostages would have been released, at the same time I would have made my profits at the same time.

Mr. **Rodino**. One final question, because this was curious to me, and I recognize that in this I recognize your beneficence toward Colonel North.

You wanted to propose, and you did propose, in setting aside a certain amount of money in the Button account, you proposed $500,000 to General Secord; is that not correct, for that account? For the Button account, you were proposing $500,000?

Mr. **Hakim**. For the death benefit. When we started out, sir——

Mr. RODINO. I just want to know, that was the amount you proposed, $500,000?

Mr. HAKIM. Yes, sir.

Mr. RODINO. And General Secord, who has been before us and talked about his being in this for the sake of patriotism, General Secord was the one who said we shouldn't give that much to Colonel North, we ought to give him only $200,000, was that for the purpose of diminishing the amount of money that would be there for both of you to share in as profits?

Mr. HAKIM. I think the explanation that I gave was that General Secord said that I should not use my own points of reference, my own personal lifestyle, as a point of reference, and I did not understand how a soldier lives, and they are not——

Mr. RODINO. That is not the point I am getting at Mr. Hakim.

Mr. HAKIM. Could you be more specific sir?

Mr. RODINO. The point that I am getting at is that you proposed $500,000, General Secord said $200,000. That meant that there would have been $300,000 more in the enterprise for you and Mr. Secord?

Mr. HAKIM. That is a wrong conclusion, sir, because the money would have stayed in the account whether it was $500,000 or $200,000, because in case of death of Colonel North, sir, that money would have been used.

So I don't believe we would have considered profitability of our two individuals when the life of another person was involved, sir.

Do I make myself clear?

Mr. RODINO. Mr. Hakim, I wasn't questioning your motivation.

You were being beneficent in saying $500,000. It was Colonel North who said no—General Secord, let me give him $200,000.

Mr. HAKIM. Not given him, set aside.

Mr. RODINO. So there would have been $300,000 more that would have stayed in the enterprise which would have benefited at least General Secord if not you?

Mr. HAKIM. But we were not dividing the——

Mr. RODINO. Not at that time.

Mr. HAKIM. Who knows what the expenses would have been. I can agree that the enterprise would have had an additional $300,000 not blocked. That I can agree to, sir.

Mr. RODINO. So that would have been $300,000 more, which could have gone to General Secord and you?

Mr. HAKIM. Or expenses.

Mr. RODINO. Thank you very much, Mr. Chairman.

Chairman INOUYE. Senator Boren.

Mr. BOREN. Thank you, Mr. Chairman.

All through this I have been concerned in trying to get the taxpayers' money back, and just in terms of simple straightforward facts it seems to me that the weapons which were sold to the Iranians were American weapons purchased with American taxpayers' funds, isn't that correct?

Mr. HAKIM. I am not an expert in this, sir.

Mr. BOREN. Let me stipulate that the way the Defense Department gets money and buys arms is that they use the taxpayers' money to do so. So they were weapons belonging to the taxpayers sold for $30 million. I understand that the taxpayers were paid $12 million, according to your records, you had transportation and related costs of $2.4 million, according to your records, and $700,000 of miscellaneous expenses. So that would leave $14.9 million, approximately half of all that $30 million that was received.

And I just wondered when the taxpayers can plan on getting that back from you. When do you plan to give the taxpayers back the $15 million of proceeds from the sale of their property?

Mr. **Hakim**. Are you telling me that there was some sort of arrangement that the CIA would get part of their money first and some of it later?

Mr. **Boren**. You sold taxpayers' property. You sold it for $30 million, you only paid back $12 million, you had $3 million of expenses, so when can we expect you to give the taxpayers back their other $15 million? You have plans to give it back, I presume.

Mr. **Hakim**. Sir, you have to speak so a businessman can understand it. Are you suggesting that the American public——

Mr. **Boren**. I am asking you a very simple question, and you can answer it by saying never. When do you plan to give the American taxpayers back their $15 million?

Mr. **Hakim**. Sir, I am afraid you were not present at the meeting. We discussed this issue.

Mr. **Boren**. I heard you, but I want to know—you do not plan to give it back, is that correct?

Mr. **Hakim**. My plan is as soon as we can figure it out. We refer to it as a monster. As soon as we figure out what the monster is, we will settle up.

Mr. **Boren**. I gather you have about $8 million in your accounts under your control—$6.67 million and $1.4 million all together. Could you at least give us back that $8 million—give it back to the taxpayers? When could you give that back?

Mr. **Hakim**. I have already responded to this question in detail. We can go over that if there is time.

Mr. **Boren**. Well, let me ask a third question. Is it true you have been in contact with General Secord over the last 2 or 3 months?

Mr. **Hakim**. I believe I also testified to that.

Mr. **Boren**. Well, I would like to hear—did you meet with General Secord as recently as April?

Mr. **Hakim**. I believe I testified right after the 20th of April, when I met with him in the presence of counsel.

Mr. **Boren**. So if General Secord gave you an instruction that he would like to have the approximately $1 million, which is now in the Korel account, $1,076,000, if General Secord requested that you return that to the taxpayers, would you be willing to do so? Would there be anything standing in your way of returning that to the taxpayers if General Secord asked you to return it?

Mr. **Hakim**. I have learned one thing, sir, from this whole affair, that I will not do anything any more without consulting with my attorneys, and that would be one of those cases.

Mr. **Boren**. Then you personally would have no objection to returning that money to the taxpayers if General Secord asked you to do that?

Mr. **Hakim**. If my attorneys so advised me.

Mr. **Boren**. What about taxes? You say you have given some indication in your answers, and I have been listening to your answers, when I've been in the room and out of the room, that you have some doubt, you apparently don't accept my hypothesis that this money belongs to the taxpayers, so I presume that the $15 million either belongs to the taxpayers or it became yours and General Secord's to do with as you please.

If any other American taxpayer were to get $15 million to do with as they pleased, they would have to pay taxes on that money. I don't believe you can have it both ways. How can you explain that you either won't give it back, either it belongs to the taxpayers and you should give it back, or you should pay taxes on it, should you not?

Mr. **HAKIM**. If you are on behalf of the U.S. Government giving me $15 million today, I will pay my taxes on it.

Mr. **BOREN**. I haven't given you anything. I think you kept $15 million that belongs to the taxpayers.

Mr. **HAKIM**. That is not what the records show.

Mr. **BOREN**. Let me ask this, you are aware of General Secord's stated commitment to help the Contras—his desire to help the Contras?

Mr. **HAKIM**. I referred to that in this hearing today as well.

Mr. **BOREN**. You also testified in this hearing that on the last sales, when you knew that the money had already been appropriated by the Congress, I believe in August, your final sale to the Contras, I believe at one point you said 50 percent and at another point in time you said a markup of 40 percent, if you knew of General Secord's your partner's, strong desire to help the Contras, why did you charge a 40- or 50-percent markup on that last sale?

Mr. **HAKIM**. I did not decide the markup. I testified that we communicated, Mr. Clines and myself, to General Secord that we wanted to have an increase in our profit, and we left it for to him to decide.

Mr. **BOREN**. And he allowed you to go ahead—in other words he concurred with this charge of 40 to 50 percent on that last and final sale to the Contras, he did not veto that?

Mr. **HAKIM**. I don't think that we suggested any percentage. I don't believe that we have all the figures to determine the final percentage with the figures that we have at the time, I believe it came out to be 40 percent from the top.

Mr. **BOREN**. Forty percent is what you charged and you charged that knowing of General Secord's stated desire to help the Contras and saying that he was in the enterprise not mainly for profit but to help the Contras, and yet he did not veto or monitor carefully the amount of markup that you were charging?

Mr. **HAKIM**. If you look at the history of the activity of this so-called enterprise, lack of discipline was something that we constantly had.

Mr. **BOREN**. Lack of discipline and also high markups.

Mr. **HAKIM**. It all depends what is the point of reference, sir.

Mr. **BOREN**. Thank you very much, Mr. Chairman.

Chairman **HAMILTON**. Mr. Courter.

Mr. **COURTER**. Thank you, Mr. Chairman.

Mr. Hakim, I wanted to get one area of questioning straightened out. I would like the U.S. taxpayers to receive a windfall when they can and if we can get some of this money fine but it is my understanding that the U.S. Government received all the money that it contracted for with regard to the sale of the weapons, is that correct?

Mr. **Hakim**. You are correct.

Mr. **Courter**. We sold weapons that totaled $12 million, the contract was that we receive $12 million, we asked for $12 million and we got $12 million before in fact we got rid of the weapons.

Mr. **Hakim**. You are correct, sir.

Mr. **Courter**. A few moments ago you said something that I had not heard before, and I would like you to mention it again and explain the circumstances.

You indicated that at one time you were with North when he was offered a gift by the Iranians and he refused it. Could you elaborate?

Mr. **Hakim**. I recall that—I don't remember during which one of the visits that it was, that the Iranians brought an Iranian carpet, and for Colonel North. He thanked them immensely and he said that he could not accept that.

The Iranians had brought some pistachios, he took a handful of pistachios and said "however, I will accept this."

Mr. **Courter**. Did he indicate the reason why he did not feel it was appropriate——

Mr. **Hakim**. He explained to them because he is a government official, he is not entitled to accept gifts.

Mr. **Courter**. How much was the carpet worth that he rejected, approximately?

Mr. **Hakim**. That is a wild guess on my part, sir, I would say between $2,000 to $5,000.

Mr. **Courter**. A pretty expensive rug?

Mr. **Hakim**. Yes.

Mr. **Courter**. In your setting up the Button account, and your attempt to get the wheel rolling, and your setting in motion Mr. Zucker, and then ending up obviously with no real transfer or arrangement with Oliver North, did Oliver North ever thank you for setting up a $200,000 account on his behalf?

Mr. **Hakim**. No, sir. As far as I understood he didn't know, he never thanked me. The answer to your question is no.

Mr. **Courter**. You knew him by that time reasonably well, and you spoke with him by that time often. Do you think he would have at least indicated to you appreciation if he knew about it?

Mr. **Hakim**. That is a right conclusion, sir.

Mr. **Courter**. I don't know whether he knew about it or not. We will have to wait for his testimony. But rather than the reverse conclusion that I get from the question of some of us here, I get just the reverse. If Oliver North had any indication that you had set aside $200,000 on his behalf, he would either signal to you that he knew, thank you for doing it, or do the same thing he did with the $5,000 carpet, reject it, because he was a government official.

Mr. **Hakim**. It is very refreshing to hear that line of logic, sir.

Mr. **Courter**. You said, Mr. Hakim, that you were generous in other ways. There were some number of questions with respect to your motivation in setting up a $200,000 account for the benefit of Oliver North's spouse and his child, and you said if you knew my record you would understand the fact that I have been generous before. I am going to give you a chance to elaborate on that.

Mr. **Hakim**. Probably today in the United States alone I can provide you with at least six, seven, eight not only character witnesses but witnesses who actually benefited from similar action, and in addition to that, there are a lot more people in Iran who if God willing we ever get a chance to have a relationship with, they would also be witnesses to that.

Mr. **Courter**. Those similar types of events—did they contain similar types of money?

Mr. **Hakim**. Large moneys, gifts of stock in the companies—there are people that I am happy to see that they are millionaires as a result of my getting them involved.

Mr. **Courter**. So what you are saying is the fact that you are establishing this account for the benefit of Oliver North's child and widow should he die was consistent with a pattern of that type of largess, that type of benefits that you had bestowed on others?

Mr. **Hakim**. Very much so, sir.

Mr. **Courter**. What happened to William Buckley?

Mr. **Hakim**. I believe our intelligence organizations have confirmed that he has been killed under heavy torture.

Mr. **Courter**. Was it common knowledge of the manner of his death during the time that you were involved with the Iranian operation?

Mr. **Hakim**. That was very much on our mind. Yes, it was known and it was very much on our mind.

Mr. **Courter**. Was the manner of his death known to you?

Mr. **Hakim**. Yes, it was. I cannot forget even now when I remember the time that Oliver North decided to take a trip to Tehran, I was tearful, he was tearful, it was very intense moment, sir.

Mr. **Courter**. Thank you, Mr. Hakim.

I see my time is up. Thank you, Mr. Chairman.

Chairman **Inouye**. Senator Hatch.

Mr. **Hatch**. Thank you, Mr. Chairman.

Mr. Hakim, I want to thank you for testifying. You have shed very important light on the facts and circumstances for which these committees were initially formed. I think it is helpful from that standpoint to remind ourselves of just why we were formed. We were established to investigate the decision of our government to sell arms to Iran, and in connection with that, we were also obligated to explore what happened or what appeared to be a transfer to the Contras of some of the funds raised from those very same arms transactions.

Thorough examination will help us to better understand our foreign policy operations and hopefully how we can avoid these problems in the future, and give us guidance for the future.

We also naturally discovered a number of side stories, possibly even violations of the law.

Now, to the extent those possible violations are relevant to our central inquiry, it seems to me we have an obligation to explore them, but we are not a criminal court and I fear that occasionally we steer away from our main purposes, and spend inordinate time on some tangents.

When we do, we sometimes seem to lose part of our objectivity and possibly we abandon part of our obligation.

Now, focusing on just what I see as some of our main purposes, let me ask you just a few general questions.

With respect to the Contra operations you became involved at the request of General Secord, is that correct?

Mr. **Hakim**. That is correct, sir.

Mr. **Hatch**. And your involvement with the Contras consisted initially of selling arms to the Contras for profit, is that correct?

Mr. **Hakim**. Yes, sir.

Mr. **Hatch**. And later you transferred the funds to General Secord's resupply operation, am I correct in that?

Mr. **Hakim**. You are correct on that, too, sir.

Mr. **Hatch**. And you did that at the request of General Secord who in turn you believed received instructions from Colonel North, is that correct?

Mr. **Hakim**. That is correct, sir.

Mr. **Hatch**. And with respect to the Iranian sales, arms sales, you got involved because General Secord asked you to, is that correct?

Mr. **Hakim**. That is correct, sir.

Mr. **Hatch**. And you served initially as an interpreter, that is also correct?

Mr. **Hakim**. That is also correct, sir.

Mr. **Hatch**. And you also served as the money man. You took care of the financial affairs of what General Secord has referred to as the commercial cutout, is that correct?

Mr. **Hakim**. That is correct.

Mr. **Hatch**. And you claimed that with regard to the first channel you had no profit motivation whatever, is that fair?

Mr. **Hakim**. That is fair, sir.

Mr. **Hatch**. OK then, at the later time you became involved as a principal negotiator with the second channel, is that right?

Mr. **Hakim**. That is right, sir.

Mr. **Hatch**. And there you did have a profit motive, is that correct?

Mr. **Hakim**. That is also correct, sir.

Mr. **Hatch**. And throughout all of this you were a private citizen, am I right in that regard?

Mr. **Hakim**. That is correct, sir.

Mr. **Hatch**. I must admit that it troubles me, Mr. Hakim, that we were involving you like we were. With all due respect to you I don't think you were trained or prepared to conduct foreign policy operations or foreign relations. When we throw in your profit motive, which you freely admit, it seems to me it makes for a very bad and made for a very bad situation.

And it made a bad situation worse. I don't necessarily blame you and we will leave that for conclusions that will happen later. But I did find what happened to be instructive, especially as what we should not do in the future.

Would you agree with me, Mr. Hakim, that your efforts to develop the second channel, as well intentioned as they might have been, had the effect of blowing whatever chance the Iranian operation had for success, because the existence of the second channel upset the first channel, is that correct?

Mr. HAKIM. I am afraid I don't share your opinions, sir, on that. I didn't believe that the structure of the first channel was proper at all or——

Mr. HATCH. I am not judging whether it was proper, I am saying the fact that we went to a second channel actually blew up the first channel, is that correct?

Mr. HAKIM. There was a time that we maintained both channels, I believe there are documents to that effect.

Mr. HATCH. But the net effect was that because of going to the second channel, Ghorbanifar blew the cover on the first?

Mr. HAKIM. I don't believe that is true, sir.

Mr. HATCH. All right.

Mr. HAKIM. My information is very different. I think I have valid information as to how this happened.

Mr. HATCH. All right. Just so I have it straight, Mr. Hakim, based on your experience what were the objectives of the U.S. Government officials that you met or that you heard from or that Mr., General Secord heard from as you understand them with respect to the first channel? Was it an arms for hostage deal at the inception or was it for a longer term relationship with Iran?

Mr. HAKIM. I believe I testified that Colonel North and the Iranian representative, they were going past each other. Colonel North was shooting for a long-term relationship.

Mr. HATCH. All right. Let me just bring out one last point on this line of questions.

Mr. Hakim, certain allegations have developed through your testimony that tend to raise several questions that have I believe a relationship to our task. One relates to your attempts to send money to Colonel North. Others relate to General Secord and his appearing here and forswearing of profits, and to the profit margin you and he made on arms sales to the Contras.

We have had of course General Secord appear before us. In light of your statements I think he needs to be recalled and we need to clear up some of these contradictions that seem to appear in my mind.

I would be for recalling him. I know, for example, on the issue of profit on Contra arms sales General Secord has recently provided the committee with a written explanation which he confirms or reconfirms that your overall profit margin was 20 to 30 percent and for the record, I am referring to a May 24, 1987 letter addressed to Mr. Liman and Mr. Nields.

The few documents you were shown today tends to suggest a higher percentage, is that correct?

Mr. HAKIM. If we have all the facts.

Mr. HATCH. All right, now I feel General Secord may be the only person who could answer our questions on that subject; do you agree with that?

Mr. HAKIM. Yes, I do.

Mr. HATCH. All right.

Now I will urge, because of that, the committees to recall General Secord at an appropriate time because I think it is important for two reasons: one, we need to know the truth; and two, as I said at the beginning I believe it is in our best interests to straighten out these issues in order to keep our focus on the larger policy questions before these committees. I have a number of additional questions on which I could ask you at this time pertaining to a whole raft of other issues, but as I watched this I feel you have been very candid with this committee.

Mr. HAKIM. Thank you, sir.

Mr. HATCH. You have been very forthright about what your role was and how you viewed your role here. And I think you have been very candid with regard to your various relationships and to that extent, I want to commend you and thank you for being here.

I do think that we have to clear up some of these inconsistencies and problems, and what may appear to be contradictions between what you have said and what General Secord has said, and I think in his best interests we need to make sure he comes back.

Mr. HAKIM. Thank you, sir.

Mr. HATCH. Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Stokes.

Mr. STOKES. Thank you, Mr. Chairman.

Mr. Hakim, is it true that you had in your possession a KL-43 encryption device?

Mr. HAKIM. Yes, sir, at one point in time.

Mr. STOKES. Tell us when that was and who gave it to you.

Mr. HAKIM. I believe it was during the month of May when General Secord was in Tel Aviv trying to coordinate the Iranian trip, and we had also the DEA and Mr. Clines in Cyprus pursuing the release of the hostage or hostages that DEA was following up, and I was left with the KL-43 in Geneva, Switzerland to link up.

General Secord could not be in both places at the same time, so he had no choice but to leave me with the KL-43 so I could communicate with him and report to him the movement of the ship that we were sending to Cyprus; also the result of my discussions with DEA and Mr. Clines in Cyprus.

There was also another occasion, possibly the third one that I recall that the KL-43 was left with me to use, and those last two were in connection with the second channel.

Mr. STOKES. Who was it that instructed you on how to use it?

Mr. HAKIM. Nobody instructed me on that. It is an instrument that they can walk you through over the phone once you have the proper tape with you, and you can feed the brains, if you will, into the machine. One can, without compromising the communication, tell you how to run the machine.

Mr. STOKES. Well, you didn't receive the device over the phone. Someone gave you the device, didn't they?

Mr. HAKIM. The device was left with me prior to Mr. Secord's departure for Tel Aviv.

Mr. STOKES. Who left it with you?

Mr. HAKIM. General Secord.

Mr. STOKES. But he didn't instruct you on how to utilize it?

Mr. HAKIM. He said that it is simple, he left me the booklet to read, and he said that over the phone he would walk me through it.

Mr. STOKES. What about the encryption materials? From whom did you receive those?

Mr. HAKIM. Are you referring to the memory for the machine, sir?

Mr. STOKES. Yes.

Mr. HAKIM. General Secord gave me that for that day, they change day to day.

Mr. STOKES. Now, did you return that machine?

Mr. HAKIM. I believe this machine still is on the—under seal, if I am not mistaken. I have to check with——

[Witness conferring with counsel.]

Mr. HAKIM. I am being informed that this machine, without the tape—it has no tape whatsoever, it is totally a useless machine—it is under lock with my Swiss lawyer in Switzerland.

Mr. STOKES. That machine would still belong to the United States of America, would it not?

Mr. HAKIM. Definitely.

Mr. STOKES. When do you plan to return it?

Mr. HAKIM. As soon as I am instructed, sir.

Mr. STOKES. By whom?

Mr. HAKIM. I have to refer to my lawyer, too, for that.

[Witness conferring with counsel.]

Mr. HAKIM. I have to be directed who is the appropriate authority, and definitely I will abide by that.

Mr. STOKES. If you were instructed to do so by an elected official of the United States, would you return it?

Mr. HAKIM. I——

Mr. JANIS. Mr. Chairman, may I step in here?

Chairman INOUYE. Proceed.

Mr. JANIS. Congressman, we would be—I am sure Mr. Hakim would be happy to return it if someone would instruct us how that should be done and to whom it should be given and if somebody is willing to pick it up. We can give them the address, and they can go there tomorrow as far as we are concerned. He has no interest in maintaining this thing. So we are happy—he has no interest in keeping it. If someone would just tell us how to do it, it would be given back.

Mr. STOKES. I am sure we will take you up on that, counselor.

Mr. Hakim, you mentioned ethics this morning, and I was rather struck yesterday when you talked about acting as Secretary of State due to the incompetence of the officials of the United States. Did it strike you that while you were working in behalf of the business enterprise owned by yourself and General Secord that there was a conflict of interest between your profit motive and your being able to represent the best interests of the United States?

Mr. HAKIM. First, I would like to very much clarify this issue of the acting as the Secretary of State.

Mr. STOKES. I am just referring to your statement yesterday.

Mr. HAKIM. Yes, but I also said that I would not accept the job for any money in the world. My total focus of yesterday's discussion, Mr. Stokes, was for that one particular day where I testified that I was remaining behind to patch things up, to patch things up doesn't require the skill of the Secretary of State, it requires the skill of an Iranian who speaks the language and understands the culture, and this is what I was referring to.

And then to patch up the relationship so the two parties can get back together would not compromise the interests of the United States.

Mr. **Stokes**. Mr. Chairman, indulge me, if you would, I have just one further question.

In response to a question posed to you, I think, by Senator Mitchell earlier today when you referred to having been dropped and stabbed in late 1986 and he pursued that with you, let me just ask you this: What did you feel at that time the obligation of the United States was to you?

Mr. **Hakim**. I felt that the body that asked us to come forward and help with this, could come out at least to listen to us, even tell us that, "You are on your own, there is nothing we can do." You know, we were not called upon. Our request to meet, you know, we thought that we were doing this on the behest of the President.

My only contact was General Secord. I requested him to contact the President. He said he had already tried and failed.

I earlier testified that to this date I really don't know what the layer or element or part of the U.S. Government was who retained us, but in my mind there is no doubt that I could not have gotten to the White House, participated in various meetings, gone to the Situation Room, given the phony passport without some authority within the U.S. Government structure having retained us. I expected them to come out and say, "Hey, fellows, you are on your own. For these reasons we cannot help you" or "we will help you."

There was total silence, as if we didn't exist. We were just dropped.

Mr. **Stokes**. You really felt the President of the United States should have come and said something to you in your behalf, is that it?

Mr. **Hakim**. I believed that if he could not do that, he should have arranged for us to be heard.

Mr. **Stokes**. Thank you, Mr. Hakim. Thank you, Mr. Chairman.

Chairman **Inouye**. Senator Nunn.

Mr. **Nunn**. Thank you, Mr. Chairman.

Mr. Hakim, we have a line of sight problem here. A few minutes ago, you stated that one of the reasons you put up the $200,000 account for Oliver North was your fear of him being killed, possibly even tortured, on the trip to Iran, is that correct?

Mr. **Hakim**. A lot of such thoughts went through our minds. That is correct.

Mr. **Nunn**. Why would we send someone like Oliver North, with the kind of secret information he had, and like Robert McFarlane, to a country where you feared there would be torture and possibly even death? Didn't it occur to you, as an American citizen, that that was a rather dangerous thing for you to do?

Mr. **Hakim**. I repeatedly said that I did not like the pattern of the first channel. That included the trip to Tehran. Even if such a trip had to take place, it should have been prepared properly. A different team should have gone out there, set up the grounds for the meeting, and made sure everything was proper before our team would go there.

Mr. NUNN. Did Colonel North mention to you anything about if he were tortured while he were over there, did that subject ever come up?

Mr. HAKIM. I believe I testified in the early days of my testimonies that I sized Colonel North to be a soldier that—as if he always searches for a way of getting killed for his country. That comes across so vividly that you cannot remain insensitive to it. The man—it is an obsession with him. He likes to get killed for his country. He doesn't care.

Mr. NUNN. So you sensed a real danger in that trip, and you were skeptical about it, to say the least?

Mr. JANIS. Excuse me, Mr. Chairman, I am sorry, skeptical about the danger or skeptical about the trip?

Mr. NUNN. Skeptical about the trip to Iran by Colonel North.

Mr. HAKIM. I didn't think that they would come back with any results.

Mr. NUNN. I know you have been over this, but I must ask you a couple questions about it, because this memorandum which is attached to exhibit no. 40 I believe you testified was written, you thought it was the handwriting of General Secord, is that correct? This is the memorandum relating—and I quote from it—"As I said in Brussels, we will fight Russians in Iran in case of invasion with or without the Government of Iran assistance."

Mr. HAKIM. Yes, sir.

Mr. NUNN. And you said this was, though, not just General Secord's position. This was in effect what the delegation told the Iranians when you met with them; is that right?

Mr. HAKIM. That was discussed in a very diplomatic way, that ways could be found that there would be an honorable end to the war.

Mr. NUNN. But did we tell them if the Russians invaded we are going to basically defend them whether the Iranian Government cooperated or not?

Mr. HAKIM. That, I believe, was discussed not in a way to threaten the Iranians, rather as a U.S. policy that led the Iranians to believe that the United States had a policy that if ever Russians tried to invade Iran because of the geopolitical importance of Iran, the United States would fight the Russians there.

Mr. NUNN. And that is put forth as the policy of the United States?

Mr. HAKIM. That was set forth to lead the Iranians to believe that that was the policy.

Mr. NUNN. Did you think it was then an effort to deceive Iran? Were you trying to deceive them or did you really believe this was the policy of the United States?

Mr. HAKIM. I could not tell, sir. But——

Mr. NUNN. What about——

Mr. HAKIM. I don't know what was is the policy.

Mr. NUNN. The next point, "we will cooperate to depose Hassan." Was that put forth to deceive the Iranians or was that what you understood our policy to be?

Mr. HAKIM. I really don't know. If I have to—and I am trying to recall the circumstances—if I have to guess I would say that it was more along the lines of deceiving the Iranians.

Mr. NUNN. You were more deceiving them than really making a policy?

Mr. HAKIM. That was my sense. I didn't focus on it at the time. I was focusing on getting the two parties to talk. That was—I was sure that if they started talking even on small issues, that can develop, that can evolve.

Mr. NUNN. As an American citizen, did it bother you that a retired general and a lieutenant colonel on the NSC staff and a businessman were holding out to the Iranian delegation that America would get involved in a war against the Soviet Union in Iran even without the cooperation of the Iranian Government, and that we would also cooperate with them to depose the President of Iraq?

Did that bother you as an American citizen?

Mr. HAKIM. If I believed at the time that Colonel North and General Secord did not have the approval of the higher-ups to attend these meetings, it would definitely have bothered me, but I was continuously under the impression that they had their authority to participate in those meetings.

Mr. NUNN. So you thought they were really speaking for the President when they held out these propositions?

Mr. HAKIM. That was my impression.

Mr. NUNN. Thank you.

Chairman INOUYE. Senator Trible.

Mr. TRIBLE. Thank you, Mr. Chairman. Mr. Hakim, I would like to return to a discussion that you had with Senator Heflin about $10 million allegedly sent to Lake Resources. There came a time you testified that you tried to find these moneys.

Who asked you to search for them or trace them?

Mr. HAKIM. General Secord.

Mr. TRIBLE. And what did General Secord tell you exactly about those moneys?

Mr. HAKIM. In advance of expecting the money, I was told that soon there would be a movement for us to receive $10 million.

Mr. TRIBLE. Did he tell you where it would come from?

Mr. HAKIM. I don't believe they told me that at the beginning, but when the money did not reach Lake Resources and I wanted to back track, I asked them to tell me where the money originated so I could back track, and to the best of my recollection I was told that it came from the Far East.

Mr. TRIBLE. And nothing more?

Mr. HAKIM. And nothing more, no.

Mr. TRIBLE. Now you also testified that you were told to segregate those funds into two accounts, $7 million and $3 million.

Mr. HAKIM. Well, not to the precision that you are saying two accounts. My understanding was that we could not use approximately $7 million.

Mr. TRIBLE. They were to be treated as two accounts?

Mr. HAKIM. Yes.

Mr. TRIBLE. For two separate purposes.

Mr. HAKIM. Exactly.

Mr. TRIBLE. Now who told you to do that?

Mr. HAKIM. General Secord.

Mr. TRIBLE. And where did General Secord get his instructions?

Mr. **Hakim**. I can speculate only that he got it from Colonel North.

Mr. **Trible**. All right, sir, now $7 million was for what purpose?

Mr. **Hakim**. I have no idea.

Mr. **Trible**. Now, what about the $3 million. Did you not testify earlier that $3 million was for a specific purpose?

Mr. **Hakim**. Was to go through the so-called enterprise for the Contras, I believe, arms procurement at the time.

Mr. **Trible**. That is the point I wanted to make.

It is hard for me to believe that that was the intended purpose because that enterprise had come to an end at that point. Indeed, the Congress had appropriated $100 million. In fact, the record shows that your last shipment in support of the Contras was in August of 1986, and we are talking about now December of 1986.

There is no way in the world that you could have contemplated those moneys to be used to help the Contras, is there?

Mr. **Janis**. Excuse me, Mr. Chairman, may I direct my question to Senator Trible?

Did you say December of 1986? My recollection was that the funds were solicited in the summer or spring of 1986.

Mr. **Hakim**. Exactly.

Mr. **Janis**. Maybe I am incorrect about that.

Mr. **Trible**. Well, your transaction, your last transaction had taken place?

Mr. **Hakim**. No, no, the money—when I was told that the money would be coming, as a matter of fact, I recall—now that I am focusing on it—recall that as far as our internal bookkeeping was concerned, I believe we had used up the money and paid for the weapons already, and we were going to get reimbursed from that donation.

That is what I can recall.

Mr. **Trible**. Well, let us pursue this because the time is——

Mr. **Hakim**. Can you give me some dates, Senator?

Mr. **Trible**. I was hoping you can give me some dates, Mr. Hakim.

Mr. **Hakim**. But we have gone through this, and I don't have the records. We have this——

Mr. **Janis**. Mr. Abrams went——

Mr. **Hakim**. We have exahusted this issue, if somebody could help me with the dates.

Mr. **Trible**. Well, the hour is late and we can put the timing of those transactions into discussions in their proper context.

My understanding and recollection of the dates was that your last transaction to the Contras in support of the Contras was in August of 1986, and all of this happened therafter. So it is hard for me to understand why it was you still contemplated doing business in support of the Contras.

Mr. **Janis**. Mr. Chairman, I think our question is not when the last transactions with the Contras was but, if someone can help us perhaps those of you—I don't know what Mr. Abrams testified, but when was the donation solicited from this Far East country?

Mr. **Trible**. Can we ask counsel to clarify this for us?

Mr. **Liman**. My understanding is that the transfer took place sometime in August; that there were questions about it in the fall, and that either Mr. Hakim or his representative was still asking about this money of the bank on December 5, 1986, which is well after the Congress had voted the aid.

Mr. **Hakim**. Mr. Liman, my question is very different. I am looking for a date that I was told to expect this money. That is the date that I am looking for.

Mr. **Heflin**. The records reflect that the transfer took place on August 18th and that was a transfer in the bank on August 18th. There was a lot of time after that in which they were trying to find it.

After the Meese revelation on November 25, there was then a telegram sent to Brunei and Brunei reports back around the first of December to the effect that they haven't received it, they had sent the money—I don't think it was later discovered until the spring of this year in regards to going into another account.

His point is that he was asking you about the time that you were discussing it, it was almost a definite fact that the Congress would vote the $100 million aid including lethal aid to the Contras.

Mr. **Trible**. I would add that you had undertaken what you knew or considered to be your last enterprise on behalf of the Contras, which was in August of 1986, so it is unbelievable to me to hear you say that this money was intended to help the Contras.

Mr. **Hakim**. Sir, I still haven't gotten the assistance that I am seeking. I am looking for the date that I was told to expect the money. I am not talking—I am not debating as to when the money was transferred. I am not debating the records that I personally have made available to the committees.

My question is very different. I am asking when I was told to expect this money. I need to find that date.

Mr. **Trible**. I cannot answer your question, Mr. Hakim. I would hope that perhaps you could answer mine.

Mr. Chairman, would you indulge me for 1 minute or 2 more since much of my time was engaged in a freewheeling colloquy with the witness and my colleagues.

I would like to say a couple of words about what we have heard thus far and how this kind of fits together in my mind.

Mr. Chairman, I must say this smacks of a soap opera. It is a saga of finality, greed, and a flair for the dramatic. It is part James Bond and part Jimmy Durante, and it would be very laughable but for the destructive consequences for people and policy.

What we have established, I think, through this testimony is the sheer folly of operating outside official channels. Without oversight and accountability, consultation, checks and balances, people and policy get into big trouble.

Your testimony and the records that you have furnished this committee have been very helpful, Mr. Hakim. It tells us a lot, not only about yourself, but other witnesses.

For example, it calls into serious question the truthfulness of the testimony of your partner, General Secord. General Secord said he was only advancing national interests and yet the evidence shows that he was actively promoting his own self-interest.

General Secord said that he has forsworn all profits from this enterprise. I would label that a contingent disclaimer of profits, contingent on his getting Federal employment.

You obviously didn't believe him because you continued to put more and more of the profits into his account. The evidence shows that over $300,000 was transferred to his benefit for his investments and for his personal use.

General Secord also said that the arms markup was 20 or 30 percent. We have learned from your records that the markup was huge, 50 to 60 percent or more that your enterprise was gouging the Contras, the very people that General Secord said he was so fervently hopeful in helping.

Mr. Chairman, I think it may well be necessary in view of the testimony of Mr. Hakim to call General Secord again to give him a chance to respond out of fairness to General Secord and Mr. Hakim and also for the further information of this committee.

I thank you for your testimony today.

Mr. **Hakim**. Thank you, sir.

Chairman **Inouye**. Senator Trible, you may recall that when General Secord ended his testimony, he was advised to be available for further interrogation if such were necessary.

The last 2 days, I think, has demonstrated to this committee that this committee may have to call upon General Secord for his assistance, and further we may have to call upon you, Mr. Hakim, at some later date to assist us in further clarification.

Mr. **Hakim**. I will be at your service, sir.

Chairman **Inouye**. Speaking of clarification, I have been listening very intently over the last 2 days, but certain things are still not very clear to me.

May I refer to the nine point Hakim accord?

Mr. **Hakim**. Please, sir.

Chairman **Inouye**. In that agreement, which I gather from your notes, agreement which was reviewed and approved by General Secord?

Mr. **Hakim**. He accepted it, yes.

Chairman **Inouye**. This calls for the return of one and possibly two American hostages.

Mr. **Hakim**. Yes, sir.

Chairman **Inouye**. Two men who were innocent of any criminal deed, who were just literally picked off the street by terrorists; isn't that correct?

Mr. **Hakim**. Yes, sir.

Chairman **Inouye**. And in return, the one-and-a-half hostages, we have an amount of sophisticated weapon systems, and then the return of 17 terrorists who are then incarcerated in a Kuwaiti prison; isn't that correct?

Mr. **Hakim**. Yes, sir.

Chairman **Inouye**. Now, these were the men who admitted to and were found guilty of the bombing and the assassination attempt of U.S. Embassy personnel in December of 1983 in Kuwait; isn't that correct?

Mr. **Hakim**. Yes, sir.

Chairman **Inouye**. And then the same terrorist group 2 years later captured an American aircraft and killed two Americans; isn't that the same group?

Mr. **Hakim**. I don't know, Mr. Chairman. I don't know whether——

Chairman INOUYE. I can assure you that is correct.

And you are telling me that a patriotic American general was willing to swap 17 terrorists who were guilty of killing American personnel in return for one-and-a-half hostages who were innocent of any criminal deed?

Mr. HAKIM. Mr. Chairman, with all due respect, that item in the so-called Hakim accord doesn't agree to releasing the 17 prisoners. It agrees to preparing a plan, if you carefully read that, just to be fair to General Secord.

Chairman INOUYE. Do you think the Iranians would have released one and a half if you didn't come through with that?

Mr. HAKIM. No, the plan was—I believe I testified earlier—to bring the Iranians and Kuwaitis together and let them resolve it among themselves and the Iranians took the first step in that direction.

We did not agree in this nine-point accord to undertake to release—or cause for the 17 prisoners to be released. The plan was to put the two countries together and let them work it out.

Chairman INOUYE. During the past 2 days, panel members and citizens in the audience have chuckled over some of your responses. They have found your testimony fascinating and exotic. But I must confess to you that I found it rather sad.

To be told that here we had an American citizen, not just one, but two, not cleared to handle certain classified material sharing the secrets of this Nation, secrets that even we here have been denied—I would be tempted to show you one of the documents that this committee received from one of our agencies, and it says, "Reviewed and cleared," and all it has is a blank piece of paper.

You were given the KL–43, a most secret device, something that the KGB would love to grab hold of, and now we are told that it is lying in an attorney's safe or closet.

We have been told that phony passports were issued by this Government.

We are told that persons not cleared have had access to the Situation Room, and I doubt if three of us on this panel have ever seen the Situation Room, it is considered so secret, and then to find that Iranians who have been sneaked in in the dark of the night have been given a special tour of the White House—to say that it is stranger than fiction is an understatement.

But then we find an American general, who should know better, an American lieutenant colonel, who everyone suggests is second only to the President of the United States, committing this country, its power and majesty, to defend Iran without even consultation with the Congress of the United States, is just unbelievable.

And then to come out that we will participate in deposing a chief of state of a country, and we are supposed to be neutral in that area.

Did these things bother you? I realize you are not a diplomat or politician, but I think of all the people in this room, you are the most knowledgeable of what is happening in the Middle East.

Did it not concern you that something was drastically wrong?

Mr. HAKIM. When I look back, Mr. Chairman, I share your opinion. At the time it didn't occur to me.

Chairman **Inouye**. Well, I have been told that Congressman Stokes has a a unanimous consent request to make, and I am certain this committee will go a long with that, and so I now recognize Chairman Stokes.

Mr. **Stokes**. Thank you, Mr. Chairman.

Mr. Chairman, pursuant to the statement of Mr. Hakim's counsel, I ask unanimous consent that this joint committee officially request the return of the KL-43, belonging to the U.S. Government, now in the possession of Mr. Hakim in Geneva, Switzerland, that it should be returned by him to one of the following addresses: Lt. Gen. William Odom, Director, National Security Agency, Fort Meade, MD; or the U.S. Consulate, 11 route de Pregny, 1292 Chambesy, Geneva, Switzerland; or the Permanent Select Committee on Intelligence, U.S. House of Representatives, H-405, The Capitol, Washington, DC.

Mr. **Nunn**. Reserving the right to object. It seems we ought to leave up the possibility in the drafting, that our representatives in Geneva would pick it up rather then having it delivered over here.

Mr. **Janis**. I was going to ask that they go to the lawyers address and pick it up.

Mr. **Nunn**. I would think that that would be the most secure way to do it, I would prefer that we pick it up there if Mr. Hakim would make it available, and I suggest we amend that unanimous consent to reflect that we would prefer and that would be an option, to have our government agencies just pick it up.

Mr. **Stokes**. I would accept Senator Nunn's amendment.

Chairman **Inouye**. May I also suggest an amendment, that it be done within 24 hours.

Mr. **Hyde**. Mr. Chairman, I would like to be heard for a brief moment, in supplementation of something that—if I may be accorded the privilege.

I think it is regrettable that criticism, blanket criticism, has been leveled against a private citizen, who, by the way, possesses some unique talents that are not spread all over the government, such as people who speak Farsi.

When we wanted a Farsi speaker, we had to call back a retired CIA person. Mr. Hakim—and I don't know him, I have never seen him before the last couple of days, and I have mixed feelings about the totality of his testimony. But I would not want to discourage private citizens who have some unique talent, from not wanting proudly to come forward and make that talent available to this country. When you are trying to penetrate a totally closed 12th Century society, and you don't even have people who speak the language, and you have a native who is born there, who has contacts there, who speaks the language, it seems to me that he deserves something more than condemnation.

I would hate to think that the only way we could deal with very difficult situations is through official channels, because not all of the official channels provide the knowledge, the expertise that we made need in some of these very difficult circumstances.

I don't mean to gainsay anything you have said except I welcome the services of the uniquely qualified private citizens to help their country and our country in very unusual circumstances.

I thank you for your indulgence of me.

Chairman INOUYE. As my good friend will see if he studies the transcript of this afternoon's proceeding, he will note that I did not criticize Mr. Hakim. I just said I was rather saddened by what has transpired involving a lieutenant colonel and a retired general, who gave him a tour, a phony passport—he wasn't the one who made the phony passport, he wasn't the one who went into the situation room, he was taken there by an American official.

He was not the one who committed the United States to defend Iran against any Russian aggression.

Mr. HYDE. The Senator is right, and I just suggest that the need for secrecy sometimes requires unusual resources. I note that we have deposed Admiral Poindexter, and we have built a hermetically sealed cocoon around that testimony, and not everybody here can have access to it or know what went on because we are aware that we are unable to keep a secret.

Fortunately, nobody's life is at stake by whatever Admiral Poindexter said. But lives may well have been at stake for what Mr. Hakim and this retired general and this lieutenant colonel were up to.

So it is a big picture and not a happy one, and I am glad it is coming out.

Chairman INOUYE. As my good friend has suggested that there may be leaks from this panel, I think it should be reported that a few days ago I received a call from the man in charge of the National Security Agency, General Odom, and he assured me that there wasn't a single leak of any classified material from this panel.

This panel should keep in mind that all of our activities are being monitored at the request of the panel to make certain that no classified information is released. We have gone through great pains in sealing envelopes, coding countries by numbers, and I think we have, as my friend would know, we have maintained our responsibility and there have been no leaks.

Mr. HYDE. I again agree with you, but I think the extraordinary lengths to which we have gone to preserve that secrecy, is indicative of our own concern that these things must be closely held.

I notice the name of Tomas Castillo which we went to great pains to obscure became unobscured in the press. I don't know how that happened, and I don't cite this committee as to how that happened.

You are very kind to indulge me to say what I want to say, and I feel much better, thank you.

Chairman INOUYE. Well it just saddens me to be told that as a U.S. Senator I may not be privy to such information, but Mr. Ghorbanifar may get the darkest secrets of this country, Mr. Hakim can be made privy to all our secrets, Mr. Hakim given a tour of the Situation Room that very few of us have ever seen.

I would be afraid to go to any land with a phony passport, but these things have been done.

I am just saying this has been a sad 2 days for me. I just hope the people of the United States realize that. This was not funny business, there was very tragic business.

Any further questions?

Mr. JANIS. Mr. Chairman, with respect to the KL-43, I am just thinking it is the weekend in Geneva, it is 6 or 7 hours later there. I would request that instead of a limitation of 24 hours that we make it with expedition or something like that——

Chairman INOUYE. We are dealing with the most sensitive equipment, and I suppose it would be an imposition on the law firm, but so be it.

Mr. JANIS. I am not even sure, for example, that the lawyer in Geneva in whose custody this is being held is even in Geneva right now. He may be away for the weekend.

Chairman INOUYE. We will notify the counsul general in Geneva and instruct him to get in touch with your law firm.

Mr. JANIS. Thank you.

Chairman INOUYE. Without objection that request is granted.

Mr. MCCLURE. Mr. Chairman, there is just one question I intended to ask, and I am not sure it has been said on the record, and that was the relationship of this witness with Mr. Ghorbanifar.

May I inquire for a moment—how long had you known Mr. Ghorbanifar?

Mr. HAKIM. I believe I testified to that. I met him in his newly established organization, Starline, in the mid-1970s.

Mr. MCCLURE. Mid-1970s?

Mr. HAKIM. Yes, sir.

Mr. MCCLURE. I think you have said somewhere or someone has said, and I am groping in my memory with respect to his relationship with the secret police in Iran?

Mr. HAKIM. You are correct, it was discussed. He did have an arrangement with the SAVAK.

Mr. MCCLURE. And his relationship with the intelligence activities of the nation of Israel?

Mr. HAKIM. That is correct.

Mr. MCCLURE. Those are both matters of our own knowledge or is that just a rumor?

Mr. HAKIM. I have seen evidence to support that.

Mr. MCCLURE. I thank you, Mr. Chairman.

Mr. HAKIM. Mr. Chairman, may I request you to please, you made a statement about the secrets of this country being available to Mr. Ghoranifar, and also being available to me. Could you separate me from Mr. Ghorbanifar?

Chairman INOUYE. It is so noted, sir.

Before I call upon my colleague the chairman of the House Select Committee, I would like to announce when we recess we will recess until 9:30, Monday next, and reconvene in the Rayburn Building, room 2172, at which time we will receive the testimony of Mr. Sciaroni and that of Miss Hall.

Chairman HAMILTON. Thank you very much, Mr. Chairman.

Mr. Hakim, I just want to express my appreciation to you for your testimony. You have done it without immunity, you have been helpful to the committee and we thank you, sir.

Mr. HAKIM. Thank you very much, sir.

Mr. HAMILTON. I'm sorry, with immunity.

Chairman INOUYE. The hearing will stand in recess until 9:30, next Monday, Rayburn 2172.

[Whereupon, the Select Committee recessed, to reconvene at 9:30 a.m., Monday, June 8, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Testimony of Bretton G. Sciaroni and Fawn Hall

MONDAY, JUNE 8, 1987

House Select Committee To Investigate
Covert Arms Transactions With Iran
and
Senate Select Committee on Secret Military
Assistance to Iran and the Nicaraguan Opposition,
Washington, DC.

The Select Committees met, pursuant to call, at 9:30 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman Hamilton. The joint hearings of the two Select Committees will come to order.

This morning our witness is Mr. Bretton Sciaroni.

Mr. Sciaroni, would you please stand to take the oath?

[Witness sworn.]

TESTIMONY OF BRETTON G. SCIARONI

Chairman Hamilton. Thank you, sir. You may be seated.

I understand you have an opening statement. Am I correct?

Mr. Sciaroni. I do.

Chairman Hamilton. Would you proceed, please?

Mr. Sciaroni. Certainly.

My name is Bretton G. Sciaroni and I serve as counsel to the President's Intelligence Oversight Board. The Board was established by President Ford in 1976 to inform the President on intelligence activities.

Chairman Hamilton. Mr. Sciaroni, please excuse me for interrupting you. Would you pull that microphone right close to your mouth?

Mr. Sciaroni. Yes.

The Board was established by President Ford in 1976 to inform the President on intelligence activities which may violate the Constitution, the laws of the United States, Executive orders or Presidential directives.

The Board is comprised of three unpaid Board members, a full-time counsel and a secretary. Under Presidential directive, the heads of departments and agencies, the inspectors general and the general counsels of the intelligence community are required, to the extent permitted by law, to report to the Board on intelligence activities that they have reason to believe may be unlawful. While the Board is clearly dependent upon this reporting mechanism for its information, it is also vested with investigatory authority and, to the extent possible, can actively engage in oversight on its own accord.

The current Board is chaired by Dr. W. Glenn Campbell, a noted educator, who is now the Director of the Hoover Institution at Stanford, California. The other two Board members are Charles Meyers, the former dean of the Stanford Law School, who is now in private practice, and Charles Tyroler II, who directs the Committee on the Present Danger, a bipartisan, nonprofit organization of distinguished private citizens devoted to sound foreign and national security policies.

I would like to take this opportunity to lay to rest certain allegations that the Board's level of oversight activity has diminished in recent years. The contrary is true. Indeed, records reflect that this Board has been far more active and responsive in its oversight functions than predecessor boards. Documentation which establishes the accuracy of this statement is available and will be provided upon request.

This brings me to an issue which is to be a focus of today's inquiry—the board's memorandum of September 12, 1985, which addressed alleged violations of the Boland amendment by the National Security Council staff.

In early August, 1985, there were a number of press reports which claimed that Lt. Col. Oliver North, a member of the National Security Council staff, was assisting the Contras in apparent violation of the Boland amendment. These newspaper accounts prompted Representative Michael Barnes to direct a letter to Robert McFarlane, then Assistant to the President for National Security Affairs, requesting information pertaining to any contact between Lt. Col. North and Contra leaders during the period since the enactment of the Boland amendment in October, 1984.

In light of these events, and in accordance with the board's policy, I undertook legal research and a factual investigation. As a result of these efforts, I concluded (i) that the Boland amendment was directed solely to the Federal agencies making up the intelligence community; (ii) that the Boland amendment was not applicable to the NSC because it is not considered part of the intelligence community; (iii) that the Boland amendment might have applied to Lt. Col. North if he was assigned to the NSC staff on a nonreimbursed basis from the Marine Corps, and (iv) that the nature of Lt. Col. North's activities, as portrayed to me, did not constitute a violation of the Boland amendment even if it applied to the NSC staff.

My conclusions respecting Lt. Col. North were based on an interview of Paul Thompson, then general counsel to the NSC, a review of what I was told were all relevant NSC files and a meeting with Lt. Col. North.

My legal research, undertaken prior to my factual investigation, focused on that portion of the Boland amendment which made it specifically applicable to the CIA and the Department of Defense and generally applicable to ". . . any other agency or entity of the United States involved in intelligence activities."

I did not undertake research into the constitutional prerogatives of the President to conduct foreign affairs, whether the National Security Council, as an entity advising the President, came within these constitutional prerogatives or the applicability of other laws.

By joint resolution dated October 12, 1984, Congress authorized continuing appropriations in nine separate appropriations acts, which dealt with specific agencies of the Federal Government. The appropriations act which dealt with the Department of Defense expressly included the Boland amendment. However, the legislation dealing with the Treasury, Postal Service and General Government Appropriations, which includes the National Security Council, omitted the Boland amendment as did the seven other appropriations acts contained in the joint resolution.

It thus seemed clear that the Boland language did not apply to all appropriations specified in the joint resolution nor was it specifically recited in the appropriations act which included the National Security Council.

Shortly after adopting the Joint Resolution, Congress enacted the Intelligence Authorization Act for fiscal year 1985, which incorporated the essence of the Boland amendment and specifically listed 10 separate elements of the U.S. Government engaged in intelligence and intelligence-related activities. The National Security Council was not listed.

Accordingly, I concluded that the legislation appeared to establish that it was the intent of Congress to restrict the Boland amendment to the Defense Department and the 10 enumerated elements of the intelligence community and not to include the National Security Council.

The legislative history of the joint resolution and the Intelligence Authorization Act also tended to show that the ambit of the Boland amendment did not include the NSC insofar as no statement by any Congressman suggesting that the Boland amendment applied to the National Security Council could be found. Nor could I locate any instance where Congress had limited the activities of the NSC since its inception in 1947.

Finally, my conclusions were buttressed by the fact that members of Congress, scholars and the press also concluded in 1985, that the Boland amendment did not extend to the National Security Council. Contrary views were also expressed. Yet, Congress took no action to resolve the uncertainty.

In conclusion, the Board concluded in September, 1985, that the Boland amendment did not apply to the NSC. I think that that was a fair conclusion then, and I think that that is a fair conclusion now.

Thank you.

[The prepared statement of Bretton G. Sciaroni appears in appendix C.]

Chairman HAMILTON. Thank you very much, Mr. Sciaroni.

Questions will begin with Mr. Van Cleve.

Mr. VAN CLEVE. Thank you, Mr. Chairman.

Good morning, Mr. Sciaroni.

Mr. SCIARONI. Good morning.

Mr. VAN CLEVE. State your full name for the record, please.

Mr. SCIARONI. Bretton G. Sciaroni.

Mr. **Van Cleve**. You are the author, or, the principal draftsman, of a September 12, 1985, legal memorandum sent by the Intelligence Oversight Board to National Security Adviser Robert McFarlane; is that correct?

Mr. **Sciaroni**. Principal draftsman, yes.

Mr. **Van Cleve**. That memorandum is found as exhibit 9 in the exhibit book before you and the Members; is that correct?

Mr. **Sciaroni**. That is correct.

Mr. **Van Cleve**. That memorandum concluded that the Boland amendment did not apply to the National Security Council; is that correct?

Mr. **Sciaroni**. That is right.

Mr. **Van Cleve**. The opinion also concluded that even if the Boland amendment did apply to the NSC, Colonel North's activities as reported to the Board did not violate the amendment; is that correct?

Mr. **Sciaroni**. That is correct.

Mr. **Van Cleve**. Mr. Sciaroni, what is your present age?

Mr. **Sciaroni**. I'm 35 years old.

Mr. **Van Cleve**. You have served as counsel to the Intelligence Oversight Board since July 1984; is that correct?

Mr. **Sciaroni**. That is correct.

Mr. **Van Cleve**. You received a master's degree in international affairs from Georgetown in 1977; correct?

Mr. **Sciaroni**. Right.

Mr. **Van Cleve**. And a law degree in 1978 from UCLA?

Mr. **Sciaroni**. That is true.

Mr. **Van Cleve**. You held fellowships at the Hoover Institute and the American Enterprise Institute in international relations; is that correct?

Mr. **Sciaroni**. That is correct.

Mr. **Van Cleve**. You worked at the Arms Control and Disarmament Agency and then at the International Trade Administration before you came to the Intelligence Oversight Board?

Mr. **Sciaroni**. Correct. I did.

Mr. **Van Cleve**. So you have extensive experience—both academic and professional experience—in foreign affairs and national security issues; is that correct?

Mr. **Sciaroni**. That is correct.

Mr. **Van Cleve**. Now, the Intelligence Oversight Board was established by Executive order; is that correct?

Mr. **Sciaroni**. True.

Mr. **Van Cleve**. And is a copy of the Executive order which establishes that Board found in exhibit 1? That would be Executive Order 12,334?

Mr. **Sciaroni**. That is correct.

Mr. **Van Cleve**. Now the Board consists of three members, is that correct?

Mr. **Sciaroni**. Right.

Mr. **Van Cleve**. And the three current members are Dr. W. Glenn Campbell, Director of the Hoover Institute, correct?

Mr. **Sciaroni**. Right.

Mr. **Van Cleve**. Charles Meyers, correct?

Mr. **Sciaroni**. Right.

Mr. VAN CLEVE. Former Dean of the Stanford Law School, who is now a private attorney practicing in Denver; is that correct?

Mr. SCIARONI. That is true.

Mr. VAN CLEVE. And Charles Tyroler, Director of the Committee on the Present Danger; correct?

Mr. SCIARONI. Correct.

Mr. VAN CLEVE. Were these three individuals also the members of the Board at the time of the September 12, 1985, opinion?

Mr. SCIARONI. They were.

Mr. VAN CLEVE. The members of the Board received expenses only for their service and meet six times a year with additional meetings as needed, correct?

Mr. SCIARONI. That is correct.

Mr. VAN CLEVE. The Board issues approximately 10 opinions per year, correct?

Mr. SCIARONI. On an average.

Mr. VAN CLEVE. On an average. They review the opinions before they are issued?

Mr. SCIARONI. Every one.

Mr. VAN CLEVE. And that would include of course the September 12, 1985, opinion?

Mr. SCIARONI. Yes, sir.

Mr. VAN CLEVE. And these opinions are issued based on decisions by the Intelligence Oversight Board as to what matters it should investigate, correct?

Mr. SCIARONI. Right.

Mr. VAN CLEVE. Because its principal function as specified in the Executive order is to inform the President of intelligence activities that any member of the Board believes are in violation of the Constitution or laws of the United States, Executive orders, or Presidential directives, correct?

Mr. SCIARONI. Correct.

Mr. VAN CLEVE. This September 12, 1985, opinion was issued pursuant to that mandate, correct?

Mr. SCIARONI. True.

Mr. VAN CLEVE. I'd like to turn now to the circumstances that surrounded the drafting of that opinion, if I might.

I take it that the September 12, 1985, opinion was written as a result of an investigation that you initiated on behalf of the Board?

Mr. SCIARONI. That is true.

Mr. VAN CLEVE. When I use the word "Board" here, I am referring to the Intelligence Oversight Board.

Mr. SCIARONI. Right.

Mr. VAN CLEVE. This investigation was prompted by news articles, which appeared in the late summer, probably early to mid August of 1985, which alleged that a White House official on the NSC staff had had involvement with the Contras which violated the Boland amendment, is that correct?

Mr. SCIARONI. That is correct.

Mr. VAN CLEVE. And I believe your counsel produced to the committee, on your behalf, a copy of a *New York Times* article dated the 8th of August 1985, on the front page, which has the headline "Nicaraguan Rebels Getting Advice from White House on Operations," is that correct?

Mr. SCIARONI. Correct.

Mr. VAN CLEVE. That article begins,

> Rebels fighting to overthrow the Nicaraguan Government have been receiving direct military advice from White House officials on the National Security Council, senior administration officials and members of Congress have disclosed, is that correct?

Mr. SCIARONI. That's correct.

Mr. VAN CLEVE. The article continues,

> Although some members of Congress say they believe the National Security Council operation has flouted the intent of legislation banning direct aid to the rebels, they add that they do not believe it violates U.S. laws.

The article continues, If the President wants to use—and this is a quotation—

> If the President wants to use the NSC to operate a war in Nicaragua, I don't think there is any way we can control it, said Representative George Brown, Democrat of California and a member of the House Select Committee on Intelligence. He and other Intelligence Committee members said they had discussed the operation, but, Mr. Brown added, we haven't taken any formal action.

Is that the type of article that prompted your investigation?

There were a series of similar news articles in that period of August 1985, weren't there?

Mr. SCIARONI. There were a number. I have supplied them all to the committee.

Mr. VAN CLEVE. You have given those all to the committee. I think the members of the committee can find many of those articles in the briefing books they have before them this morning.

So the issue of White House involvement in direct military activity was raised at the time, wasn't it?

Mr. SCIARONI. It was a prominent issue.

Mr. VAN CLEVE. A prominent issue. It was before the public; it was before the Congress; it was before the press. No question about it, is that correct?

Mr. SCIARONI. Right.

Mr. VAN CLEVE. Everyone understood there was a question about the issue of NSC involvement with the Contras at the time, is that correct?

Mr. SCIARONI. No doubt about it.

Mr. VAN CLEVE. And that is the kind of article that prompted your investigation?

Mr. SCIARONI. Precisely.

Mr. VAN CLEVE. Now, as I understand it, you began your work on this investigation by doing some legal research on the question of whether or not the National Security Council was covered by the Boland amendment, is that correct?

Mr. SCIARONI. That's correct.

Mr. VAN CLEVE. Let me back up just very briefly.

As I understand it, shortly after these *New York Times* articles appeared, Representative Michael Barnes sent the White House a request for information concerning these allegations, by a letter dated August 16, 1985, is that correct?

Mr. SCIARONI. That's correct.

Mr. VAN CLEVE. And a copy of Representative Barnes' letter appears, for the information of the committee, as exhibit 2.

And if I'm not mistaken, Congressman Hamilton also sent related requests for information, as chairman of the House Intelligence Committee, to the White House shortly thereafter, is that correct?

Mr. SCIARONI. That is my understanding. I think my inquiry was more prompted by Congressman Barnes' letter, which was reported in the press. I think I later secured a copy from the NSC.

Mr. VAN CLEVE. Now, again to return to the beginning of your investigation, you began your work by doing legal research to establish the basic legal framework for the investigation.

At that time, after having done that research, you concluded that the National Security Council was not covered by the Boland amendment, is that correct?

Mr. SCIARONI. Right, with a caveat attached regarding people who are detailed.

Mr. VAN CLEVE. That's right. There is a footnote in the opinion, footnote no. 5, that specifically discusses Colonel North's status as a detailee from the Department of Defense and raises a question about the coverage of the amendment with respect to him, that is based on whether or not he was on reimbursed detail or not, is that correct?

Mr. SCIARONI. That is correct.

Mr. VAN CLEVE. Now, I am sure that I and the members of the committee will come back to the fundamental legal issue, but I want to move on to the factual investigation you did. Your opinion comes in two parts; is that correct?

Mr. SCIARONI. That is true.

Mr. VAN CLEVE. First, there is a legal analysis and then what I would describe as a fallback analysis, a factual analysis which basically says suppose the NSC is covered by the Boland amendment, let's take a look at what actually is going on and see whether or not those activities would in some way offend the Boland amendment; is that correct?

Mr. SCIARONI. That is true.

Mr. VAN CLEVE. Now, in the process of pursuing that factual investigation, you met with then NSC general counsel Paul Thompson; is that correct?

Mr. SCIARONI. I did.

Mr. VAN CLEVE. And did you make an appointment to see Mr. Thompson?

Mr. SCIARONI. I did.

Mr. VAN CLEVE. And the purpose of your meeting was to determine what Thompson knew about these allegations; is that correct?

Mr. SCIARONI. True.

Mr. VAN CLEVE. Now, I believe you have supplied to the committee a series of notes that you made during the course of this investigation; is that correct?

Mr. SCIARONI. Right.

Mr. VAN CLEVE. Are those notes exhibit 3?

Mr. SCIARONI. They are.

Mr. VAN CLEVE. These are handwritten notes that were prepared by Mr. Sciaroni at the time that he was conducting the investigation.

In the upper lefthand corner of the first page of these notes is a note that reads, "NSC involvement". Then it says, "One, moral support while funds", and there is an arrow pointing down.

Mr. SCIARONI. Right.

Mr. VAN CLEVE. "Two, influence re: atrocities".

Mr. SCIARONI. True.

Mr. VAN CLEVE. "Three, encourage political program".

Mr. SCIARONI. Right.

Mr. VAN CLEVE. And then it says "March 1, San Jose declaration", and then there is a line.

Mr. SCIARONI. Right.

Mr. VAN CLEVE. It says "No mil.", and that word appears to be "support".

Mr. SCIARONI. That is true.

Mr. VAN CLEVE. Is it your best recollection that these notations reflect a conversation that you had with Mr. Thompson concerning the activities at the NSC in general at this time?

Mr. SCIARONI. Right. I think the top half of the page which goes two more lines would reflect the conversation that I had, notes from the conversation that I had with the NSC general counsel.

Mr. VAN CLEVE. OK. And so, is it your recollection then that although Mr. Thompson indicated that the NSC was providing moral support and encouraging the political program, that it was not engaged in providing military support?

Mr. SCIARONI. That is true.

Mr. VAN CLEVE. Now, did you request that Mr. Thompson provide you with documents concerning the activities of the NSC at this time?

Mr. SCIARONI. I did.

Mr. VAN CLEVE. And did Mr. Thompson provide you with any documents during this meeting?

Mr. SCIARONI. Yes. He pulled out of his file cabinet a stack of documents.

Mr. VAN CLEVE. OK. Can you indicate to the committee how large a quantity of documents Mr. Thompson provided to you?

Mr. SCIARONI. To the best of my recollection, it was a stack of documents about an inch high.

Mr. VAN CLEVE. OK. Did you review those documents?

Mr. SCIARONI. I did.

Mr. VAN CLEVE. And do your notes reflect the results of your review of those documents?

Mr. SCIARONI. Right. Again, on the first page of my handwritten notes, and then going over to the second page, would be notes that I took while I sat in his office.

Mr. VAN CLEVE. I see. So, again, these are contemporaneous notes?

Mr. SCIARONI. Right.

Mr. VAN CLEVE. They reflect the results of your review of the documents Mr. Thompson showed you at the time?

Mr. SCIARONI. That is true.

Mr. VAN CLEVE. Did you review all of the documents Mr. Thompson provided you?

Mr. SCIARONI. I did.

Mr. Van Cleve. Now, I would like to ask you, Mr. Sciaroni, to review—take a minute and review exhibits BGS-4 through BGS-8. And I would like you to look at each of these documents. While you are doing that, I am going to describe these documents generally to the committee so they will know what the documents involve.

For the information of the committee, exhibits BGS-4 through BGS-8 are documents that have previously been made exhibits before the committee during the testimony of Robert McFarlane. These are: BGS-4 was McFarlane exhibit 32; BGS-5 was McFarlane exhibit 33; BGS-6 was McFarlane exhibit 35; BGS-7 was McFarlane exhibit 36; and BGS-8 was McFarlane exhibit 37.

Mr. Sciaroni, I would like to ask you to turn to BGS-4, if you might.

Mr. Sciaroni. Are we going to take these one at a time?

Mr. Van Cleve. Yes.

Mr. Sciaroni. OK.

Mr. Van Cleve. BGS-4 is a memorandum dated December 4, 1984 for Robert McFarlane from Oliver North, subject: Assistance for the Nicaraguan Resistance.

And just generally, this memorandum reflects a meeting between Oliver North, and the memo says, Gaston Sigur and an official of what has previously been testified to be Country Number 4 at the Cosmos Club in Washington. The memorandum refers to a shipment of arms which was intended for the Nicaraguan Resistance, according to the memorandum, and which was coming from Country Number 4 to the Resistance.

The second page of the memorandum also refers to meetings, I believe, with Country—officials of Countries 3 and 5, with respect to fundraising for the Resistance.

I would like to ask you, Mr. Sciaroni—this document is dated December 4, 1984, so, of course, it was created well before you met with Mr. Thompson. Were you shown this document, to the best of your recollection?

Mr. Sciaroni. I was not.

Mr. Van Cleve. Would you regard this document as relevant?

Mr. Sciaroni. Certainly.

Mr. Van Cleve. To the inquiry you were making?

Mr. Sciaroni. Certainly.

Mr. Van Cleve. Turning now to BGS exhibit 5, this document is dated February 6, 1985, a memorandum from Oliver North to Robert McFarlane, subject: Nicaraguan Arms Shipments.

Without going into a great level of detail, it refers to the ship *Monimbo* and describes a series of options: seizing the shipment, sinking the ship, and so on.

To the best of your recollection, Mr. Sciaroni, were you shown this document by Mr. Thompson?

Mr. Sciaroni. I was not.

Mr. Van Cleve. Would you have regarded it as relevant to your inquiry?

Mr. Sciaroni. Absolutely.

Mr. Van Cleve. Turning now to BGS exhibit 7, a document dated March 16, 1985, a memorandum for Robert McFarlane from Oliver North, subject: The Fallback Plan for the Nicaraguan Resistance. This document contains on the second page a statement:

Commitment for another $25 to $30 million from the donors will be necessary for munitions in 1986 in anticipation that the $28 million requested in the intelligence budget is not approved.

Once again, Mr. Sciaroni, to your recollection, were you shown this document by Mr. Thompson?

Mr. SCIARONI. Which document are we looking at right now?

Mr. VAN CLEVE. This is BGS exhibit 7, dated March 16, 1985.

Mr. SCIARONI. I was not shown this document.

Mr. VAN CLEVE. Would you have regarded it as relevant to your inquiry?

Mr. SCIARONI. Yes, I would have.

Mr. VAN CLEVE. Turning now to BGS exhibit 8, this is a document dated April 11, 1985, a memorandum from Oliver North to Robert McFarlane, subject: FDN Military Operations.

This memorandum appears to have a fairly detailed accounting of expenditures and activities of the resistance and also includes as an attachment an accounting of FDN expenditures and outlays, including specifics on a series of weapons purchases.

To the best of your recollection, Mr. Sciaroni, were you shown this document by Mr. Thompson?

Mr. SCIARONI. I would not have missed a document such as this.

Mr. VAN CLEVE. I am sorry. I didn't hear you.

Mr. SCIARONI. I would not have missed a document such as this.

Mr. VAN CLEVE. So, your recollection is you were not shown this document by Mr. Thompson?

Mr. SCIARONI. That is right.

Mr. VAN CLEVE. I take it your notes do not contain references to any of these documents, BGS 4 through 8, do they?

Mr. SCIARONI. I don't believe they do.

Mr. VAN CLEVE. It is your testimony that any of these documents would have been significant enough from the point of view of your investigation that you believe that you would have reviewed such a document, made a notation concerning the document at that time; is that correct?

Mr. SCIARONI. Absolutely.

Mr. VAN CLEVE. At about the same time you had a meeting with Colonel North concerning your investigation, did you not?

Mr. SCIARONI. I did.

Mr. VAN CLEVE. And I understand this was a very short meeting; is that correct?

Mr. SCIARONI. Right. I went to his office late one evening to ask him about the allegations.

Mr. VAN CLEVE. All right. And roughly how long would you say the meeting lasted?

Mr. SCIARONI. Probably no more than 5 minutes.

Mr. VAN CLEVE. Now, I understand that you asked Oliver North if there was any truth to the newspaper stories that had appeared; is that correct?

Mr. SCIARONI. That's correct.

Mr. VAN CLEVE. What did North say to you?

Mr. SCIARONI. He said there was no truth to the newspaper accounts.

Mr. VAN CLEVE. And did he say anything else?

Mr. SCIARONI. Not to the best of my recollection. It was a blanket denial of all of the accounts being either militarily involved or fundraising.

Mr. VAN CLEVE. He denied he was involved in fundraising or giving military advice; is that correct?

Mr. SCIARONI. That's correct.

Mr. VAN CLEVE. Did you do anything else as far as a factual inquiry was concerned?

Mr. SCIARONI. Not to the best of my recollection.

Mr. VAN CLEVE. So you had by this time completed both legal analysis and a factual investigation that you believed was sufficient to allow you to write an opinion for the Board; is that correct?

Mr. SCIARONI. That's correct. When I visited both Thompson, Commander Thompson and Colonel North, they understood who I represented, the mandate of the Board to look into matters of legality, and the seriousness of the allegations that had been raised. And I figured that those were the two most significant people at the NSC that I could talk to with regard to the allegations.

I should also note, however, by late August the National Security Adviser had also denied that Colonel North was involved in any of these activities.

Mr. VAN CLEVE. And shortly thereafter, then, you prepared an opinion for the Intelligence Oversight Board; is that correct?

Mr. SCIARONI. That's correct.

Mr. VAN CLEVE. And that opinion contained the results of both your legal research and your factual research; is that correct?

Mr. SCIARONI. That's correct.

Mr. VAN CLEVE. Was that opinion reviewed by the Board?

Mr. SCIARONI. It was.

Mr. VAN CLEVE. And do you specifically recall that the Board members reviewed that opinion?

Mr. SCIARONI. Yes, I do.

Mr. VAN CLEVE. And that would include Dean Meyers; is that correct?

Mr. SCIARONI. That would include Dean Meyers.

Mr. VAN CLEVE. So the opinion actually, when it was sent to Mr. McFarlane, was an opinion of the Intelligence Oversight Board; it was not a personal opinion of yours; is that correct?

Mr. SCIARONI. That's true. The Oversight Board reviews everything that I do and invariably makes changes .

Mr. VAN CLEVE. Now, a copy of the Intelligence Oversight Board opinion on plain stationery but otherwise identical to the IOB was found in Oliver North's office; are you aware of that?

Mr. SCIARONI. I'm aware of that.

Mr. VAN CLEVE. Can you tell the committee how it might have come to be there?

Mr. SCIARONI. I really don't know.

Mr. VAN CLEVE. Obviously, Mr. Sciaroni, by this point you have had a chance to review the Tower Board report; is that correct?

Mr. SCIARONI. That's correct.

Mr. VAN CLEVE. And you have also, I imagine, heard a good deal of the congressional testimony concerning the activities of the National Security Council; is that correct?

Mr. **Sciaroni**. Right.

Mr. **Van Cleve**. Based on what you know today and the matters that are matters of public record, would you alter the legal conclusions of the September 12, 1985, memorandum?

Mr. **Sciaroni**. You are talking about the first section, the legal analysis.

Mr. **Van Cleve**. The legal section of the memorandum.

Mr. **Sciaroni**. The only change that I would make would be with regard to footnote 5. I would have to determine whether Colonel North was in fact on a reimbursed or nonreimbursed basis. But in terms of the main thrust of the opinion, no.

Mr. **Van Cleve**. So as to the main thrust, the conclusion the National Security Council was not covered by the Boland amendment, you would not alter your conclusion; is that correct?

Mr. **Sciaroni**. That's correct.

Mr. **Van Cleve**. Now, for the benefit of the committee, I would like to spend a few minutes reviewing with you some of the reasoning of your legal opinion, and what I'm going to try to do is provide additional factual background that obviously was available to you when you wrote the opinion, matters that you refer to generally in the opinion, and some additional historical context.

To begin, I would like to ask you a few questions about the National Security Council itself. The Council was established in 1947 as an advisory body for the President; is that correct?

Mr. **Sciaroni**. That's correct.

Mr. **Van Cleve**. And it consists of certain statutory members, including the President, the Vice President, the Secretaries of State and Defense, and other cabinet officers serving at the pleasure of the President; is that correct?

Mr. **Sciaroni**. That's correct.

Mr. **Van Cleve**. And the staff of the National Security Council is considered part of the Executive Office of the President of the United States; is that correct?

Mr. **Sciaroni**. That's correct.

Mr. **Van Cleve**. And the staff reports to the Assistant to the President for National Security Affairs; is that correct?

Mr. **Sciaroni**. That's correct.

Mr. **Van Cleve**. He is commonly referred to as the National Security Adviser?

Mr. **Sciaroni**. Correct.

Mr. **Van Cleve**. Therefore, a restriction on the activities of the National Security Council staff would be a restriction on the activities of part of the Executive Office of the President of the United States; is that correct?

Mr. **Sciaroni**. That is true.

Mr. **Van Cleve**. Now, the NSC has been in existence for 40 years this year; is that correct?

Mr. **Sciaroni**. Yes.

Mr. **Van Cleve**. Do you know of any legislation which significantly affects the authority of the National Security Council which does so without mentioning the National Security Council by name?

Mr. **Sciaroni**. I do not.

Mr. **Van Cleve**. And do you know of any statute which has been passed since 1947 which has attempted in any way to restrict the actions of the National Security Council?

Mr. **Sciaroni**. No.

Mr. **Van Cleve**. Now, Executive Order 12,333 provides, in part, as follows with respect to the National Security Council, does it not?

> The National Security Council shall act as the highest Executive branch entity that provides review of, guidance for, and direction to the conduct of all national foreign intelligence, counterintelligence, and special activities and attendant policies and programs. Is that correct?

Mr. **Sciaroni**. That is correct.

Mr. **Van Cleve**. And that description of the National Security Council in that Executive order is intended to make the point that the National Security Council serves as the Executive branch coordinating body for national security and intelligence policy; is that correct?

Mr. **Sciaroni**. That is true.

Mr. **Van Cleve**. Now, you were aware at the time that you wrote your September 12, 1985, opinion that if the National Security Council were covered by the Boland Amendment that would raise substantial constitutional questions; is that correct?

Mr. **Sciaroni**. That is correct.

Mr. **Van Cleve**. I would like to ask you a few questions now about the Boland amendment itself.

Mr. **Sciaroni**. Right.

Mr. **Van Cleve**. What type of statutory provision is the Boland amendment? Is it an appropriation rider?

Mr. **Sciaroni**. It is.

Mr. **Van Cleve**. And where was it initially found?

Mr. **Sciaroni**. In the appropriations for the Department of Defense.

Mr. **Van Cleve**. In the Department of Defense appropriations for—which were part of the continuing resolution for fiscal year 1985; is that correct?

Mr. **Sciaroni**. That is correct.

Mr. **Van Cleve**. Now, would you please, for the benefit of the committee, read the text of section 8066(a) of the continuing resolution?

Mr. **Sciaroni**. "During fiscal year 1985, no funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement or individual."

Mr. **Van Cleve**. Now, we have said that the Boland amendment is a provision of part of Title VIII of the Department of Defense appropriations bill.

What is a continuing resolution, Mr. Sciaroni? Is it an omnibus appropriations bill?

Mr. **Sciaroni**. It certainly was in this occasion.

Mr. VAN CLEVE. And so, it contained a series of individual appropriations bills stitched together and passed as one bill; is that correct?

Mr. SCIARONI. I believe nine in number.

Mr. VAN CLEVE. And do the provisions of one appropriations bill, such as the Department of Interior appropriations bill, normally affect the operations of another department, such as the Department of Defense?

Mr. SCIARONI. No.

Mr. VAN CLEVE. So, in effect, the omnibus appropriations bill is a series of individual appropriations bills, and it is to be read that way unless it is clear that it is intended to be read otherwise, correct?

Mr. SCIARONI. I believe there are general provisions that apply across the Board, but the Boland amendment was not one of those.

Mr. VAN CLEVE. Now, if you turn to exhibit 22 in your exhibit book, please, the first page of exhibit 22 is the beginning of section 101-H of the continuing resolution for fiscal year 1985, and this is the provision of the continuing resolution in which the Boland amendment appears, and it begins as follows:

> Such amounts as may be necessary for programs, projects, or activities provided for in the Department of Defense Appropriations Act 1985, and it then continues, to be effective as if it had been enacted into law as the regular Appropriations Act.

And it then contains a title, and the title reads,

> An Act making appropriations for the Department of Defense for the fiscal year ending September 30, 1985, and for other purposes.

So, this is the Department of Defense appropriations bill, correct?

Mr. SCIARONI. Correct.

Mr. VAN CLEVE. And the Boland amendment is a rider to the Department of Defense appropriations bill; is that correct?

Mr. SCIARONI. That is correct.

Mr. VAN CLEVE. Now, turning to the third page of that same exhibit, Mr. Sciaroni, you will see this is the page headed 98 Stat 1935.

The Boland amendment appears about in the middle of that page as section 8066(a) of this Department of Defense appropriations bill. If you look just briefly at section 8065, the preceding provision, that's a provision that relates to the Department of Defense, doesn't it?

Mr. SCIARONI. That is true.

Mr. VAN CLEVE. If you would turn two additional pages to the page headed 98 Stat 1937 and look at section 8067, which is the provision that follows the Boland amendment—do you have that in front of you?

Mr. SCIARONI. Yes, I do.

Mr. VAN CLEVE. That is a provision that applies to the Department of Defense; is that not correct?

Mr. SCIARONI. That is correct.

Mr. VAN CLEVE. Now, you have stated that there are in other sections of the continuing resolution provisions of general applicability; is that correct?

Mr SCIARONI. That is correct.

Mr. Van Cleve. Now, does the National Security Council receive any of its funding through the Department of Defense appropriations bill?

Mr. Sciaroni. No, it doesn't.

Mr. Van Cleve. Has it ever received, to your knowledge, any of its funding through the Department of Defense appropriations bill?

Mr. Sciaroni. Not to my knowledge.

Mr. Van Cleve. Therefore, if it was intended to impose a limitation on the National Security Council, part of the Office of the President, by using a rider to the Department of Defense appropriations bill, wouldn't it have been necessary to cross-reference this in some way to the appropriations bill, which actually provides the appropriations for the National Security Council?

Mr. Sciaroni. Yes, it would have.

Mr. Van Cleve. And was this done?

Mr. Sciaroni. No.

Mr. Van Cleve. Now, does the Intelligence Committee of either the House or the Senate have any jurisdiction over the National Security Council, to your knowledge?

Mr. Sciaroni. No.

Mr. Van Cleve. Have any of the intelligence authorization bills reported by either the House or Senate ever purported to expressly limit or constrain the actions of the National Security Adviser or the National Security Council?

Mr. Sciaroni. No.

Mr. Van Cleve. Both the Congress and the executive branch employ a concept called the intelligence community, don't they?

Mr. Sciaroni. True.

Mr. Van Cleve. And that term is defined in Executive Order 12,333, isn't it?

Mr. Sciaroni. It is.

Mr. Van Cleve. That order went into effect in 1981, correct?

Mr. Sciaroni. Correct.

Mr. Van Cleve. And Congress, both the House and the Senate, were consulted during the drafting of that order, weren't they?

Mr. Sciaroni. To the best of my knowledge, yes.

Mr. Van Cleve. So that both the House and the Senate can fairly be said to have been familiar with the definition of intelligence community, is that correct?

Mr. Sciaroni. Correct.

Mr. Van Cleve. And that definition clearly omits the National Security Council, doesn't it?

Mr. Sciaroni. It does.

Mr. Van Cleve. Even though the National Security Council and its powers and activities are specifically discussed in the same Executive order, correct?

Mr. Sciaroni. Correct.

Mr. Van Cleve. Now, the intelligence authorization bills of the two Houses, which have been passed since the Intelligence Committees were created purport to cover a list of agencies and entities, don't they?

Mr. Sciaroni. Yes, they do.

Mr. Van Cleve. And that list has never included the National Security Council, has it?

Mr. SCIARONI. No.

Mr. VAN CLEVE. And that list is substantially identical to the term "intelligence community" as defined in the Executive order, isn't it?

Mr. SCIARONI. True.

Mr. VAN CLEVE. Is it fair to say then the most logical reading of the term involved "in intelligence activities," given the history of the National Security Council and the fact Congress has never limited its activities by statute, given the usage of the term "intelligence community" and the fact that it clearly excludes the National Security Council, is it fair to say the most logical reading of the term "involved in intelligence activities" is that it refers to those departments and agencies within the intelligence community as that term is defined in the order?

Mr. SCIARONI. That is correct.

Mr. VAN CLEVE. I have one final line of questioning for you, Mr. Sciaroni. These questions have to do with the relationship between the National Security Council's coordinating role and its operational role.

At page 6 of your opinion, the opinion says

> One can only conclude that successive acts of Congress as well as the Executive order have not included the NSC in the intelligence community because it does not function as an operational unit. It is not by accident that the Intelligence Authorization Acts for the last 7 years did not list NSC as an organization conducting intelligence or intelligence-related activities for which funds were being obligated. It was simply a recognition of the fundamental coordinating character of the NSC. It is a reasonable conclusion that the Boland amendment was meant to apply to members of the intelligence community who carry out intelligence operations.

You were not saying in this opinion the NSC has never had an operational role, were you?

Mr. SCIARONI. No.

Mr. VAN CLEVE. In fact, under several different previous administrations the NSC has occasionally had operational responsibility, hasn't it?

Mr. SCIARONI. It is a rare role but it does occur.

Mr. VAN CLEVE. But there are plenty of documented cases where it has had that role?

Mr. SCIARONI. That is true.

Mr. VAN CLEVE. The point you were making in the opinion is that the NSC does not typically have such a role, is that correct?

Mr. SCIARONI. That is correct.

Mr. VAN CLEVE. It is your view Congress in adopting the Boland amendment wanted to eliminate intelligence and defense community support for the Contras, is that correct?

Mr. SCIARONI. That is correct.

Mr. VAN CLEVE. And the Boland amendment would clearly preclude use of the intelligence community and Defense Department personnel and infrastructure both in the United States and Central America to provide military assistance to the Contras, correct?

Mr. SCIARONI. Correct.

Mr. VAN CLEVE. But this is quite different, is it not, than the idea the Boland amendment, without saying so, was also intended to reach the activities of the National Security Council and the Office of the President, is that correct?

Mr. SCIARONI. Very different.

Mr. VAN CLEVE. Do you happen to know about what the total fiscal year 1985 appropriations for the entire National Security Council and its worldwide operations were, Mr. Sciaroni?

Mr. SCIARONI. I do not.

Mr. VAN CLEVE. If I said to you they were under $5 million, would that sound about right to you?

Mr. SCIARONI. That sounds right.

Mr. VAN CLEVE. Isn't it true even if the Boland amendment is read to exclude the National Security Council, its key purposes are clearly met?

Mr. SCIARONI. Right.

Mr. VAN CLEVE. No further questions, Mr. Chairman.

Chairman HAMILTON. Mr. Nields.

Mr. NIELDS. Good morning, Mr. Sciaroni.

I take it there came a time in August or so of 1985, perhaps September, when you conducted an investigation of Mr. North's activities?

Mr. SCIARONI. That's correct.

Mr. NIELDS. You began it by going into Mr. Thompson's office?

Mr. SCIARONI. I don't recall which I did first. I either chatted with Colonel North or Commander Thompson.

Mr. NIELDS. In any event, at some point in time you went into Mr. Thompson's office?

Mr. SCIARONI. I did.

Mr. NIELDS. And he showed you a stack of documents?

Mr. SCIARONI. He did.

Mr. NIELDS. And it was about an inch high?

Mr. SCIARONI. Yes.

Mr. NIELDS. He told you those were the documents which had been shown to the Hill?

Mr. SCIARONI. That's true.

Mr. NIELDS. I take it, according to your testimony, he did not show you exhibits 4 through 8?

Mr. SCIARONI. He did not.

Mr. NIELDS. Now, the committee has heard prior testimony that these documents were specifically identified by Mr. Thompson to Mr. McFarlane as problematic documents.

Mr. SCIARONI. I'm aware of that.

Mr. NIELDS. And Mr. McFarlane made a list of the numbers on those documents.

Mr. SCIARONI. That's my understanding.

Mr. NIELDS. But those documents were not shown to you by Mr. Thompson?

Mr. SCIARONI. They were not.

Mr. NIELDS. So that you were unaware, I take it, of documents, official NSC documents, reflecting references to current donors who had contributed millions of dollars to the Contras?

Mr. SCIARONI. I was unaware of that.

Mr. NIELDS. And you were unaware of references to efforts to recruit people to do sabotage?

Mr. SCIARONI. That's true.

Mr. NIELDS. You were unaware of references to plans sinking boats carrying arms to the Sandinistas?

Mr. **Sciaroni**. That's true.

Mr. **Nields**. And you were unaware of references in the documents to people, third countries, assisting us in getting end user certificates to provide arms to the Contras.

Mr. **Sciaroni**. I was totally unaware of that.

Mr. **Nields**. And you were unaware of documents showing NSC officials had intervened with third countries in order to facilitate other arms provisions to the Contras?

Mr. **Sciaroni**. That's true.

Mr. **Nields**. And, indeed, Mr. Thompson told you orally quite to the contrary, didn't he?

Mr. **Sciaroni**. He did.

Mr. **Nields**. Now, then you went in and had a conversation with Mr. North?

Mr. **Sciaroni**. Right.

Mr. **Nields**. In his office.

Mr. **Sciaroni**. Right.

Mr. **Nields**. I take it you knew Mr. North.

Mr. **Sciaroni**. I did.

Mr. **Nields**. You worked in the same building as Mr. North?

Mr. **Sciaroni**. On the same floor of the Old Executive Office Building.

Mr. **Nields**. You would bump into him from time to time?

Mr. **Sciaroni**. Certainly.

Mr. **Nields**. You would go to his office from time to time?

Mr. **Sciaroni**. Yes.

Mr. **Nields**. Contras were a controversial issue at that time?

Mr. **Sciaroni**. Indeed, and have remained so.

Mr. **Nields**. He was the point man on the Contras and you got to know him?

Mr. **Sciaroni**. That's true.

Mr. **Nields**. You got to be generally friendly with him?

Mr. **Sciaroni**. We were cordial.

Mr. **Nields**. You went into his office in furtherance of your investigation and inquired of the truth of the reports in the press?

Mr. **Sciaroni**. That's true.

Mr. **Nields**. He said there was no truth to them at all?

Mr. **Sciaroni**. That's right.

Mr. **Nields**. He hadn't mentioned he had recruited Richard Secord to provide arms to the Contras, for example?

Mr. **Sciaroni**. I never heard the name Richard Secord until the summer of 1986, when one of the evening news programs had a segment about a Maule aircraft that was being used in Central America that he had purchased.

Mr. **Nields**. He didn't mention, for example, that he had in July or early August decided to have the money no longer go directly to the Contras, but to go to Swiss bank accounts under Secord's control?

Mr. **Sciaroni**. I knew nothing of that.

Mr. **Nields**. He didn't mention he had solicited a contribution from Mr. Coors for a Maule aircraft?

Mr. **Sciaroni**. He did not.

Mr. **Nields**. Now, you were aware, were you not, that there were tons of documents in North's office?

Mr. SCIARONI. Certainly.

Mr. NIELDS. And, indeed, you even asked Commander Thompson about that, didn't you?

Mr. SCIARONI. I believe I did.

Mr. NIELDS. And you said here is a little stack of documents, how about all those documents that are all over North's office?

Mr. SCIARONI. Right.

Mr. NIELDS. And he said, well, those are North's personal documents and all we have are the official documents?

Mr. SCIARONI. That's my recollection.

Mr. NIELDS. Now, you didn't understand those personal documents to refer to North's family or something, you just understood they were not official documents?

Mr. SCIARONI. I took them to mean that they were working documents that he used and not part of the official NSC document system.

Mr. NIELDS. I take it when you talked to Mr. North, you didn't ask to review those documents?

Mr. SCIARONI. No.

Mr. NIELDS. So you never saw, for example, correspondence with Robert Owen?

Mr. SCIARONI. No.

Mr. NIELDS. I take it you eventually came to know Robert Owen and became a friend of his?

Mr. SCIARONI. I am, indeed, a friend of Rob Owen.

Mr. NIELDS. You weren't shown any documents, for example, going between Robert Owen and Colonel North, referring to steel hammer?

Mr. SCIARONI. No.

Mr. NIELDS. Or any other documents going between them?

Mr. SCIARONI. No.

Mr. NIELDS. I take it the Intelligence Oversight Board is not truly set up to conduct large-scale investigations.

Mr. SCIARONI. Right. We have an investigatory authority but we do not have things such as subpoena power, or the ability to put people under oath.

Mr. NIELDS. So you need to rely, to a considerable degree, on the cooperation of people in the intelligence community?

Mr. SCIARONI. That's absolutely true.

Mr. NIELDS. And in order to get that cooperation, it is important to remain on good working terms with them?

Mr. SCIARONI. Well, if they are members of the intelligence community, they are required by law to provide help in the course of our duties.

The NSC is not part of the intelligence community, as has been pointed out. So in that particular case, I am dependent upon the good will of the officials, unless I have reason to believe something was being hidden from me.

Mr. NIELDS. In any event, it would have been difficult for you to have said, Ollie, I'm now going to have to review all of the files in your office?

Mr. SCIARONI. That's true.

Mr. NIELDS. And you did not do that?

Mr. SCIARONI. No.

Mr. NIELDS. And as a result, you ended up your investigation believing that the NSC had not raised funds or given military support or helped give military support to the Contras?

Mr. SCIARONI. I had no reason to believe that.

Mr. NIELDS. You wrote that down in your report as a conclusion, did you not?

Mr. SCIARONI. That is true.

Mr. NIELDS. It now appears that that was incorrect?

Mr. SCIARONI. That is true.

Mr. NIELDS. So that at least part of the report that you wrote ended up as a result of concealment of facts from you to be based on misinformation?

Mr. SCIARONI. Well, I wouldn't choose to characterize it until you could hear from the other participants about why those things weren't shown to me.

Mr. NIELDS. Well, I am simply asking you, sir, isn't it true that the conclusion was based on failure to communicate information to you?

Mr. SCIARONI. True.

Mr. NIELDS. You didn't have the facts?

Mr. SCIARONI. That is true.

Mr. NIELDS. And it was the incorrect facts in part upon which your opinion was based?

Mr. SCIARONI. That is absolutely correct.

Mr. NIELDS. Indeed, one of the reasons, and I emphasize at the moment only one of them, but one of the bases for your legal conclusion was that the NSC was not an operational organization.

Mr. SCIARONI. It is not typically an operational organization, that is true.

Mr. NIELDS. And you were not told at that time that it was, in fact, involved in an intelligence operations?

Mr. SCIARONI. No, I was not told that.

Mr. NIELDS. You would agree, sir, I take it, that supporting a—covertly supporting a war in Nicaragua is an intelligence activity?

Mr. SCIARONI. A covert——

Could you rephrase that?

Mr. NIELDS. Covert support for the war in Nicaragua is an intelligence activity?

Mr. SCIARONI. That would seem to follow.

Mr. NIELDS. You were unaware of the fact that the NSC was engaged in such an intelligence activity?

Mr. SCIARONI. I don't know the truth of the documents that have been presented to me as part of the exhibit book, but if those facts are true, then that would definitely be support for the war in Nicaragua.

Mr. NIELDS. In any event, you were under the impression the NSC was not engaged in that particular intelligence activity?

Mr. SCIARONI. That is true.

Mr. NIELDS. And I take it you were aware the National Security Adviser had so informed the Congress?

Mr. SCIARONI. He had.

Mr. NIELDS. And he informed the Congress of that both before and after your opinion?

Mr. SCIARONI. That is true.

Mr. NIELDS. And I take it you are aware that, for example, Elliott Abrams has said that these facts were concealed from him, as well?

Mr. SCIARONI. I wasn't able to follow his testimony, but I will accept your characterization of that.

Mr. NIELDS. I take it you are aware of the fact that in 1986 Oliver North told the Congress that he wasn't engaged in fundraising for military support for the Contras?

Mr. SCIARONI. I am aware of that.

Mr. NIELDS. You are aware that the people of this country were told at the time the Hasenfus plane went down that the NSC was not involved in this particular intelligence activity?

Mr. SCIARONI. I am not—I am aware there was denial that the CIA was involved; I am not sure of the NSC.

Mr. NIELDS. We heard evidence of that during Mr. Abrams' testimony. It is on the record.

Mr. SCIARONI. Fine.

Mr. NIELDS. I take it, in any event, to your knowledge, at no time did anyone tell Congress, any official of the U.S. Government tell Congress, that the NSC was involved in raising funds or providing military support for the Contras during this time period?

Mr. SCIARONI. I have heard no such thing.

Mr. NIELDS. Now, in addition, I take it you are not aware of any time when anyone told Congress that the NSC took the position that it could provide such support.

Mr. SCIARONI. That is correct. Bud McFarlane did testify that quite the opposite was true, that he thought as a matter of policy I believe he decided it would extend to the NSC, the application of the Boland amendment, that is.

Mr. NIELDS. Now, Congressman Boland himself told the House of Representatives, and you don't need to turn to this, I am just going to read it for a moment. He told the House of Representatives, and this is in BGS-12, exhibit 12, immediately prior to the enactment of the Boland amendment, he said, "to repeat, the compromise provision clearly ends United States support for war in Nicaragua."

And immediately thereafter, the House of Representatives enacted the conference provision that had been agreed to with the Senate. Now, that was a public statement, was it not?

Mr. SCIARONI. Correct.

Mr. NIELDS. It is on the public record?

Mr. SCIARONI. True.

Mr. NIELDS. And anybody who wants to can read it?

Mr. SCIARONI. That is right.

Mr. NIELDS. And, indeed, it was told to the Members of Congress who voted for the Boland amendment?

Mr. SCIARONI. Right.

Mr. NIELDS. Your opinion, on the other hand, was secret?

Mr. SCIARONI. True.

Mr. NIELDS. You classified it?

Mr. SCIARONI. Right.

Mr. NIELDS. So now this is an interpretation of a law, publicly enacted law of the United States, and you classified it?

Mr. SCIARONI. Right.

Mr. NIELDS. And that limited its distribution?

Mr. Sciaroni. Right.

Mr. Nields. And, indeed, the only person to whom you are aware that this opinion was sent was Mr. McFarlane?

Mr. Sciaroni. Right.

Mr. Nields. And Mr. McFarlane doesn't remember receiving it?

Mr. Sciaroni. Right.

Mr. Nields. He disagrees with it?

Mr. Sciaroni. Right.

Mr. Nields. Now, I take it you are not aware of anybody that ever relied on your opinion?

Mr. Sciaroni. I am not aware that anybody ever relied upon that.

Mr. Nields. Indeed, North instead of saying that his conduct was authorized by law told Congress he wasn't doing it?

Mr. Sciaroni. That is true.

Mr. Nields. Mr. McFarlane instead of saying that the conduct was authorized by law told Congress it wasn't happening?

Mr. Sciaroni. That is true.

Mr. Nields. And, indeed, Paul Thompson, the NSC lawyer, told you it wasn't happening?

Mr. Sciaroni. That is true, too.

Mr. Nields. And Elliott Abrams has testified that he thought the Boland amendment applied to the NSC?

Mr. Sciaroni. I will take your word on that.

Mr. Nields. Nobody ever told Congress about this classified opinion saying that the Boland amendment didn't apply to the NSC, to your knowledge?

Mr. Sciaroni. To my knowledge, no.

Mr. Nields. I take it it might be fair to say that North didn't want Congress to know that there was such an opinion.

Mr. Sciaroni. I would have no idea about that.

Mr. Nields. Well, I would like you to turn to what has been marked as exhibit no. 28 in your book, it may not have a tab on it, you may have to look for it behind exhibit number 26. It should be the last piece of paper, it should be marked BGS-28. It is a PROF message or two PROF messages, in the upper righthand corner it says date and time 8/20/85. Do you have that in front of you?

Mr. Sciaroni. Yes, I do.

Mr. Nields. Now, the second PROF message is a note from Oliver North and it reads as follows, Barnes letter—I take it that is the letter from Congressman Barnes that inquires about NSC support for the Contras——

Mr. Knauer. Could he have an opportunity to read these? He hasn't had an opportunity to review them at all.

Mr. Nields. Sure.

Mr. Sciaroni. Yes, sir.

Mr. Nields. Have you had a chance to read that?

Mr. Sciaroni. Yes.

Mr. Nields. The second note refers to the Barnes letter, does it not?

Mr. Sciaroni. It does.

Mr. Nields. It refers to the fact that the Barnes letter requests material on the subject of the North/Contra contacts; is that correct?

Mr. SCIARONI. Right.

Mr. NIELDS. This is in August of 1985, and it says,

> Prior to your transfer of this action, I discussed the Barnes letter with Jim Michel and he urges that we not jump too fast on this issue.

Then it says,

> He shares my concern that our legal fellow is going to create unhelpful speculation re our intentions on this matter as he proceeds around town asking questions about the Boland amendment and its legal/legislative intent. Jim recommends, and I agree, that our response to the Barnes letter should be very quietly drafted by Jim, Paul Thompson, and a rep from Fielding's office. Regards, North.

Now, our legal fellow, that's you, isn't it?

Mr. SCIARONI. I have no idea.

Mr. NIELDS. Apparently whoever writes this, who was Oliver North, doesn't want—he's afraid that if people find out that somebody is going to write a legal opinion saying that the NSC can do all these things, that Congress is going to find out they are doing them. Isn't that what that PROF message shows?

Mr. SCIARONI. I don't know who this PROF message is referring to.

Mr. NIELDS. You've never seen this before?

Mr. SCIARONI. No. I don't know Jim Michel either.

Mr. NIELDS. I'd like you to turn back to the beginning of this exhibit no. 26—I shouldn't say this exhibit, exhibit 26, under the same tab.

Mr. SCIARONI. Let me just add, too, that this is—if this was referring to any work I was doing, which I'm not sure that it does, it would be a misrepresentation, because I—the memo merely stated the Boland amendment didn't apply to the NSC. I was not discussing whether you could positively do anything. I—it was a very narrow opinion that said that particular piece of legislation didn't apply to the NSC.

Mr. NIELDS. In any event, they seemed to be pretty nervous about the idea that somebody may be announcing that it is legal to support the Contras?

Mr. SCIARONI. Also, I'm not sure this would be me. "Going around town." That would not seem—it would not seem to be me. I wasn't going around town. I was going around the building, I suppose.

Mr. NIELDS. Whoever it is, it apparently made them nervous?

Mr. SCIARONI. Right.

Mr. NIELDS. Because they were afraid that somebody would find out what they were doing.

Mr. SCIARONI. It would seem to be the implication of that statement.

Mr. NIELDS. I would like you to turn to exhibit 26. This is a document found in North's files.

Mr. SCIARONI. Right.

Mr. NIELDS. It has a cover letter from Vince, is that Vince Cannistraro?

Mr. SCIARONI. I would assume so.

Mr. NIELDS. To Ollie, that is Ollie North?

Mr. SCIARONI. There's no other.

Mr. NIELDS. Attaching a copy of a document on the U.S. House of Representatives letterhead which addresses the applicability——

Mr. SCIARONI. Excuse me. Do you know the date of the cover memo?

Mr. NIELDS. We only know that it was attached to this document.

Mr. SCIARONI. OK.

Mr. NIELDS. The document itself is dated August 8, 1985, and it would appear that somebody from the Hill or that Oliver North has obtained an opinion from somebody on the Hill that the Boland amendment does apply to the NSC.

Mr. SCIARONI. That seems to be the conclusion of this memo.

Mr. NIELDS. It says at one place here, "NSC is clearly a United States entity involved in intelligence activity subject to the Section 8066(a) prohibition."

Mr. SCIARONI. Correct.

Mr. NIELDS. That's the Boland amendment?

Mr. SCIARONI. That's right.

Mr. NIELDS. Ollie already had that in his files apparently?

Mr. SCIARONI. Right.

Mr. NIELDS. He didn't want anybody to find out that there was some other legal opinion that might lead to speculation as to what he was doing?

Mr. SCIARONI. I wouldn't know about that.

Mr. NIELDS. And you have identified, I think, the document marked 9A, which is the copy of your opinion which was found in Mr. North's office?

Mr. SCIARONI. Right.

Mr. NIELDS. That's the one that has the top part of the opinion cut off so you can't tell who wrote it?

Mr. SCIARONI. Right.

Mr. NIELDS. Now, we don't know why that was done, but it certainly helps conceal the fact that there's some opinion in the White House or in the Old Executive Office Building that the NSC is exempt from the Boland amendment?

Mr. SCIARONI. It does conceal that fact.

Mr. NIELDS. I would like to briefly address the legal issue that you addressed in your opinion. I think you've already told us that covert support for the war in Nicaragua would be an intelligence activity?

Mr. SCIARONI. Right.

Mr. NIELDS. And I would like you to turn to exhibit 27; again, it is without a tab. It is sandwiched in between exhibits 26 and 28. It is Public Law 97-377 and it is dated December of 1982. And on the second page, I think you will see in Section 793 what was—has been referred to as Boland 1, the very first Boland amendment way back in 1982. Do you have that in front of you?

Mr. SCIARONI. Yes, I do.

Mr. NIELDS. Are you familiar with that provision?

Mr. SCIARONI. That was prior to my time as counsel.

Mr. NIELDS. Did you happen to review it in connection with your writing the legal opinion that you have been testifying about?

Mr. SCIARONI. Because it is—it predates it by several years, I probably didn't review that one.

Mr. Nields. Let's review it now. It comes in the—it is found in the Department of Defense Appropriations Act. You have already testified about the Department of Defense Appropriations Act. And again it is one of these exceptions to the appropriation and it reads,

> None of the funds provided in this Act may be used by the Central Intelligence Agency or the Department of Defense to furnish military equipment, military and training, and so forth to the Contras in order to overthrow the Government of Nicaragua.

Mr. Sciaroni. Right.

Mr. Nields. There are two things about that I would like to focus on. One is, it has the words "None of the funds provided in this Act." Those are the only funds that that provision applies to, isn't it?

Mr. Sciaroni. Excuse me?

Mr. Nields. Those are the only funds that that provision applies to? The funds provided in this Act?

Mr. Sciaroni. It would seem so.

Mr. Nields. It only applies to funds provided in the Department of Defense Appropriations Act; is that correct?

Mr. Sciaroni. That seems to be right.

Mr. Nields. And it also applies to only the two agencies covered by that Act, namely the Central Intelligence Agency or the Department of Defense?

Mr. Sciaroni. Right.

Mr. Nields. That is in marked contrast, is it not, sir, to the language of the Boland Amendment that you have been testifying about today?

Mr. Sciaroni. Sure. Because the subsequent one extended it to the rest of the members of the intelligence community.

Mr. Nields. It does two things, doesn't it? First, it says—and it is up on that wall there, section 8066(a), and it says "No funds available to . . ."; correct? That is a change in language, is it not? Do you see that language?

Mr. Sciaroni. Yes.

Mr. Nields. That is in the very provision covered by your opinion. It says "No funds available to . . ."

Mr. Sciaroni. Right.

Mr. Nields. It doesn't just limit itself to funds covered by this particular Act. It says "No funds available to . . .", is that correct?

Mr. Sciaroni. Well, that is what it states, but it still is attached to the Department of Defense Authorization—Appropriations Act.

Mr. Nields. I am going to keep going.

Mr. Sciaroni. Fine.

Mr. Nields. Then it also makes a change in the agencies to which it applies. Instead of being limited to the Department of Defense and the Central Intelligence Agencies which were the ones covered by the—that section of the appropriations statute, it says "or any other agency or entity of the United States involved in intelligence activities." Doesn't it?

Mr. Sciaroni. It does.

Mr. Nields. I believe you said in your own opinion, and that is exhibit 9, if you choose to refer to it. And I would address you to page 2 of your opinion. Referring to the very language that we have just—I have just read from 8066(a), you state, and I am quoting from your opinion at the top of page two, "On the face of it, the NSC would appear to be an agency or entity of the United States covered by the amendment."

Mr. SCIARONI. Right.

Mr. NIELDS. You do say that?

Mr. SCIARONI. Right.

Mr. NIELDS. But you go beyond the face of the statute in your opinion and you search for other methods of divining the intent?

Mr. SCIARONI. Well, I go on to point out that the subsequent phrase "any other agency or entity in the United States involving intelligence activities," is more or less a term of art which would imply the intelligence community.

Mr. NIELDS. And you say over on page 3, "If the intent was to include the NSC, that could have been easily done."

Mr. SCIARONI. Correct.

Mr. NIELDS. And you refer specifically to Congressman Boland?

Mr. SCIARONI. I do.

Mr. NIELDS. And you say "If he had wanted the NSC to be restricted by the legislation, the specific prohibition could have been made clear in the legislative history."

Mr. SCIARONI. Right.

Mr. NIELDS. And then over on exhibit 12, we have a little piece of the legislative history?

Mr. SCIARONI. True.

Mr. NIELDS. And indeed it is a piece of the legislative history that comes out of the mouth of Congressman Boland? Is that true?

Mr. SCIARONI. Right.

Mr. NIELDS. And he was the author and sponsor of the Boland amendment?

Mr. SCIARONI. Right.

Mr. NIELDS. And he had just been to conference with the Senate?

Mr. SCIARONI. Right.

Mr. NIELDS. And they had agreed on a compromise?

Mr. SCIARONI. Right.

Mr. NIELDS. And he was explaining the compromise to the House of Representatives immediately prior to their voting on the Boland amendment so that they could understand what it meant?

Mr. SCIARONI. Right.

Mr. NIELDS. And he said on the second page of this exhibit, "To repeat, the compromise provision clearly ends United States support for war in Nicaragua."

Mr. SCIARONI. Right.

Mr. NIELDS. That is pretty clear, isn't it?

Mr. SCIARONI. It is pretty clear to me.

Mr. NIELDS. And then he is asked a question by Mr. Livingston: "Are there no exceptions to this prohibition?"

"Mr. Boland: There are no exceptions to the prohibition."

Mr. SCIARONI. Right.

Mr. NIELDS. That is what he said, isn't it?

Mr. SCIARONI. He said that.

Mr. NIELDS. And then up above on the page, also an explanation, he says, "It clearly prohibits any expenditure, including those from accounts for salaries and all support costs."

Mr. **Sciaroni**. I think the relevant sentence is the one that proceeds it. He states, "Let me make very clear that this prohibition applies to all funds available in fiscal year 1985, regardless of any accounting procedure in any agency."

Now, the question becomes, what did he mean by "any agency"? Any agency in the U.S. Government or any agency in the intelligence community?

Mr. **Nields**. But he says "any agency." He didn't say any agency in the intelligence community, did he?

Mr. **Sciaroni**. Was that implied?

Mr. **Nields**. That is just my question. That is what he said, isn't it? He said "any agency"?

Mr. **Sciaroni**. He said "any agency," and I took that to mean any agency in the intelligence community because of the two Acts that it was subsequently attached to.

Mr. **Nields**. Now, if Mr. Boland—if Mr. Boland had wanted to have the NSC covered, if he had wanted to make sure that the President didn't find some other agency through which to conduct this intelligence activity, he could have done two things, couldn't he? Either one of two things.

Want me to tell you what they are?

Mr. **Sciaroni**. Yes. That would be helpful.

Mr. **Nields**. The first, he could have listed every agency that he could think of that the President might conceivably use as a way of getting around the prohibition. He could have listed the EPA, the DEA, Customs, OMB, and every other agency he could think of that the President might conceivably use to support the war in Nicaragua, and including the NSC. That is one option that he had.

Mr. **Sciaroni**. Or he could simply say "No funds available to the U.S. Government" rather than limiting it to CIA, DOD, and members of the intelligence community.

Mr. **Nields**. He didn't say the intelligence community in the statute, sir.

Or he could have—I take it what I said is true. That is one option he could have followed?

Mr. **Sciaroni**. Surely.

Mr. **Nields**. Another is he could use the words "any agency engaged in intelligence activities," and I think you have already testified that covert support for the war in Nicaragua is an intelligence activity.

Mr. **Sciaroni**. If it was—he could have put it in a general provision that would apply across the Board. Instead, it appeared in a Defense Appropriations Act and an Intelligence Authorization Act.

Mr. **Nields**. Now, quite apart from the Boland Amendment, the NSC can't do covert intelligence operations overseas without a specific determination by the President; isn't that true?

Mr. **Sciaroni**. Well, there are two views on that, as you know, Mr. Nields.

Mr. **Nields**. Well, you are familiar with Executive order 12,333.

Mr. **Sciaroni**. I am.

Mr. **Nields**. And you are familiar with provision 1.8 thereof?

Mr. **Sciaroni**. Which exhibit is that?

Mr. **Nields**. I am sorry. That is exhibit no. 14. It is also up on the wall, by the way, including specifically section 1.8 of it.

Mr. SCIARONI. Right. I am familiar with that.

Mr. NIELDS. And that provides that with respect to covert operations, and this is different than just collecting intelligence, is it not? With respect to covert operations, which are defined in the Executive order as special activities——

Mr. SCIARONI. Right.

Mr. NIELDS. —no agency except the CIA can do them unless—and I am reading from 1.8(e)—"the President determines that another agency is more likely to achieve a particular objective."

Mr. SCIARONI. Well, as you know from our discussion the other day, the alternate interpretation is that the purpose and effect of the Executive order is to the members of the intelligence community which are listed in the Executive order.

I was not present when this Executive order was put together, and so I don't know what agreements or interagency negotiations took place that might lend further definition to whether they are talking about all agencies or just specifically agencies of the intelligence community.

Mr. NIELDS. Well, the NSC is specifically mentioned in this Executive order, is it not?

Mr. SCIARONI. If I could finish, Mr. Nields.

All I was going to say is that I don't know about the legislative history, so to speak, of the act. But I would say that it appears on the surface to apply to any agency. I think that would be a fair reading.

Mr. NIELDS. So that your reading of this would be that the NSC cannot run a covert war in Central America unless the President determines that it is more likely to achieve that objective than the CIA?

Mr. SCIARONI. Well, without passing judgment on whether the NSC was doing that, what I would say is that if a covert action—the purpose for Presidential Finding at least as a management tool inside the Executive branch would be to make sure that the policy is properly coordinated and that there's proper authorization, and so, therefore, it makes sense that any agency should have a Presidential Finding to ensure that that—the integrity of the process.

Mr. NIELDS. And you would agree again, the best reading of this provision 1.8(e) is that before another agency besides the CIA can do a covert operation abroad, the President must make a determination?

Mr. SCIARONI. That would be the implication of that, right.

Mr. NIELDS. And I don't know if you are familiar with it, but at page III-24 of the Tower Board it states—Tower Board Report—"The President told the Board on January 26, 1987, that he did not know that the NSC staff was engaged in helping the Contras."

I take it—I guess my question is this: You are not aware of the President ever having made a determination that the NSC should take this operation over from the CIA?

Mr. SCIARONI. That is true.

Mr. NIELDS. And I take it that, in addition to the fact that it would require a determination by the President, it would require that there be reporting to the Congress?

Mr. SCIARONI. Right.

Mr. NIELDS. And that is provided by section 3.1 of Executive Order 12333?

Mr. SCIARONI. Right.

Mr. NIELDS. And I take it, in addition to that, it would be required that the Finding would be in writing?

Mr. SCIARONI. I know of at least a U.S. Government document that would require all Findings be in writing.

Mr. NIELDS. And I take it this requirement that there be a Finding, that it be in writing, and that it be notified to Congress, would apply to covert operations conducted by the DEA, for example?

Mr. SCIARONI. By—excuse me?

Mr. NIELDS. It would apply to covert operations done by the DEA, for example?

Mr. SCIARONI. Sure.

Mr. NIELDS. So that if the DEA were to conduct a covert operation to ransom hostages overseas, that would require a Presidential Finding in writing, notified to Congress?

Mr. SCIARONI. Right.

With regard to the previous question, I should add the caveat that both the NSDD 159 and the Executive order are Executive documents. Of course, if the President wanted to waive the provisions of those, since he is the person who issues those document he could do so. But I think your point still stands.

Mr. NIELDS. I have no further questions, Mr. Chairman.

Chairman HAMILTON. We will begin with the principal questioners. We will operate under the 15-minute rule.

Mr. Hyde?

Mr. HYDE. Well, Mr. Sciaroni, we have conflicting opinions, don't we, on what the Boland amendment means and to whom it applies; is that correct?

Mr. SCIARONI. I never said mine was the only opinion on this subject.

Mr. HYDE. I am sure not. I like your opinion. So I want to talk about your opinion. So I asked you if there are conflicting opinions from as different lawyers you get different opinions; is that right?

Mr. SCIARONI. That is true. It has been my experience.

Mr. HYDE. Anything you have heard today or that you have learned that would change your legal opinion?

Mr. SCIARONI. No.

Mr. HYDE. As to whether the Boland Amendment applies to the NSC?

Mr. SCIARONI. Not at all.

Mr. HYDE. Now, we have been told about exhibit 12 where Mr. Boland took the floor and in the discussion—let me see if I can find exhibit 12—in the Congressional Record, he said something that I would say is extraordinary. Of course, Mr. Boland is my dear friend and he is an extraordinary fellow. But he said,

> To repeat, the compromise provision—I am trying to figure out what the compromise was; this seemed to be pretty one way here—"the compromise provision clearly ends United States support for the war in Nicaragua. Such support can only be renewed if the President can convince the Congress that this very strict prohibition should be overturned.

Now, I compared that language with the Boland amendment, and I found a disparity. It seemed to me the Boland amendment started naming agencies.

Now, if they wanted all U.S. Government support to be foreclosed, why didn't they say so? Isn't that a principle of legal construction, statutory construction, that if you want all agencies of government, including but not limited to the CIA, the Department of Defense, the National Security Council, wouldn't it have been simple to say that?

Mr. SCIARONI. I think you make a good point. One of the problems with the language on the floor is that it seems to be broader than the statute as enacted, and, of course, statutory construction does require going to look at the language as issued, especially by the author of the provision.

But I think that when you have language on the floor that is broader than the language in the statute itself, you are constrained by the language in the statute.

Mr. HYDE. That is the place you start with, the language of the statute. Now, the line of questioning that preceded my own would seem to indicate that the naming of the CIA and the Department of Defense was kind of idle. It had no point because clearly what the intent of the Boland amendment as enunciated by Mr. Boland on the floor was to halt in its tracks all United States support for the Contras in Nicaragua.

But the act didn't say that, did it? The act says the CIA, it says the Department of Defense, or any other agency or entity involved in intelligence activities. Now, we are in a morass of ambiguity as to what—what it means about an agency involved in intelligence activity. You interpret that to mean operational; is that correct?

Mr. SCIARONI. That is true, but there are some elements in the intelligence community that don't have an operational role. That is also true.

Mr. HYDE. The President is not involved in intelligence activities. He is the ultimate consumer of what has been produced by those agencies involved in intelligence activities; correct?

Mr. SCIARONI. That is true.

Mr. HYDE. And the NSC doesn't go out and collect, analyze and disseminate, which are the traditional functions of an intelligence operational agency; isn't that correct?

Mr. SCIARONI. Right.

Mr. HYDE. Now, if the Boland Amendment wanted to foreclose all government funds, why didn't it simply say so?

Mr. SCIARONI. Well, that is the first point.

The second point that is in the late summer of 1985, there was widespread recognition that there was a controversy here and that would have been another appropriate time to rectify this situation, if there was a situation that needed to be rectified.

Mr. HYDE. Why, there were statements, Mr. Sciaroni, from members of the Select Committee on Intelligence, Democrat, liberal Democrat, Members, who said this clearly doesn't cover the NSC. I cite George Brown as one example.

Now, that was in August of 1985; correct?

Mr. SCIARONI. Right.

Mr. **Hyde**. And that controversy was extended from then until now; has it not?

Mr. **Sciaroni**. Indeed, it has.

Mr. **Hyde**. But has there been any effort on the part of Congress, dominated by the majority party that upholds the sanctity of the Boland amendment in its many forms, to spell it out?

Mr. **Sciaroni**. I'm aware of no effort.

Mr. **Hyde**. That ambiguity is still there day after day, month after month. We could change it this afternoon, I'm sure, if we wanted to and spell out we mean the NSC, but there has been no effort to do that, has there?

Mr. **Sciaroni**. No, there hasn't.

Mr. **Hyde**. Now, we talk about your opinion being classified and not promulgated very much. Is it a fact that the controlling language on the Boland amendment is not what Mr. Boland said on the floor. That was the House passing its version. You've got another body here on Jenkins Hill called the Senate, and they pass their version and these two versions come together in what is called a conference committee, correct?

Mr. **Sciaroni**. Correct.

Mr. **Hyde**. And what emerges from the conference committee is really the law, isn't that correct?

Mr. **Sciaroni**. That is true.

Mr. **Hyde**. Isn't it true that the transcript of the discussions in the conference committee is still classified. Isn't that true?

Mr. **Sciaroni**. I'm not privy to those sessions and those records have never been made available to me.

Mr. **Hyde**. Well, that may be so, but I'm informed by counsel that they are classified. Now, isn't one of the major problems here, and you didn't go into it because you didn't feel you had to address it, a very complex issue is the constitutionality of the Boland amendment. You didn't go into that at all, did you?

Mr. **Sciaroni**. No. It wasn't necessary because of the determination that Boland didn't apply.

Mr. **Hyde**. One of the big problems in this whole exercise is the fact that the Supreme Court, the law is, and I quote from *United States* vs. *Curtis Wright Export Company,* 299 U.S. 340,

> The President is endowed with plenary and exclusive power as the sole organ of the Federal Government in the field of international relations; a power which does not require as a basis for its exercise an act of Congress.

Now that gives some problems to the congressional supremacists who want to tell the President what he can say, to whom he can say it, and to whom he can delegate responsibility to act on and on behalf of himself. The court says the President alone has the power to speak or listen as a representative of the Nation, et cetera, et cetera.

Now, so, given that fact, and without spending a lot of time rummaging through the books, would you say there is a question as to whether the Boland amendment can bind and gag the Executive department in the conduct of foreign policy in Nicaragua?

Mr. **Sciaroni**. It certainly is a constitutional question.

Mr. **Hyde**. What they can do of course is cut off funds, and they tried to cut off funds and they put it in the Department of Defense appropriation, didn't they?

Mr. **Sciaroni**. They did.

Let me point out one other thing. On the floor, Congressman Boland addressed the issue of all agencies, any agency, and it has occurred to me if that was going to go across the Board and apply to NSC, it would apply to NSC through the Executive Office of the President. That means it would also apply to the President himself, and I think that would have raised a major constitutional issue as to whether the President's own salary could be thus affected by a piece of legislation.

If it was the intent to provoke a major constitutional debate, I think it would have been spelled out more clearly than that to see if in fact the Congress does have the power to affect the Executive, through the Executive Office, the President himself.

Mr. **Hyde**. Right.

Now, you have heard that Mr. McFarlane accepted that the Boland amendment applied to National Security Council.

Mr. **Sciaroni**. I listened to his testimony very carefully and it seemed to me that he was saying it wasn't a matter of law but a matter of policy that he was choosing to apply.

Mr. **Hyde**. As I recall his very words were when Dante Fascell tells you don't spend any money on the Contras, that is it, that is the law.

Mr. **Sciaroni**. I can appreciate his sentiment.

Mr. **Hyde**. That was a political judgment, certainly not a legal one.

Mr. **Sciaroni**. Right.

Mr. **Hyde**. You didn't shape your opinion, did you, to protect Oliver North or anybody else?

Mr. **Sciaroni**. No.

Mr. **Hyde**. You drafted your opinion on the applicability of the Boland amendment to the NSC on the facts and on the law?

Mr. **Sciaroni**. That is true.

Mr. **Hyde**. Now, you are aware, are you not, that the Tower Commission viewed the Boland amendment as very murky, and I quote from page Roman numeral III-21,

> The result was an intense political struggle between the President and Congress over how to define U.S. policy towards Nicaragua. Congress sought to restrict the President's ability to implement his policy. What emerged was a highly ambiguous legal environment.

That is the opinion, and I assume they are talking about the Boland amendment because they mention it. They say on December 21, Congress passed the first Boland prohibiting the Department of Defense and CIA from spending funds to overthrow Nicaragua or provoke conflict between Nicaragua and Honduras. The following year $24 million was authorized for the Contras. On October 3, 1984 Congress cut off all funding for the Contras and prohibited DOD, CIA and any other agency or entity involved in intelligence activities from directly or indirectly supporting military operations in Nicaragua. Then the Tower Commission goes on and says the 1984 prohibition was subject to conflicting interpretation.

On the one hand, several of its Congressional supporters believed the legislation covered the activities of the NSC staff. On the other hand, it appears that Colonel North and Admiral Poindexter received legal advice from the President's IOB, the Intelligence Oversight Board, the restrictions on lethal assistance did not cover the NSC staff. Confusion only increased.

In December, 1985, Congress approved classified amounts of funds to the Contras. That was a short time after Mr. Boland had said the U.S. Government was out of the business of supporting the Contras, no money at all, for communications and advice.

The authorization was subject to a classified annex negotiated by the Senate and House Intelligence Committees; an exchange of letters initiated the day the law passed evidencing the extreme difficulty even the Chairmen of the two committees had in deciding what the annex permitted or proscribed,

And we have excerpts up there of the chairman of the Senate committee saying one thing, the chairman of the House committee saying another.

So it is interesting that members of Congress and the NSC have to adhere to a law that is murky at best.

Mr. SCIARONI. Let me just make a comment about that. I work a great deal with attorneys from the Central Intelligence Agency, and over the last 2 years they have had to go into a scramble, it seems, several times a year to try to figure out what the law is, what the intent of the Congress is, and try to make sense of that operationally for them.

I have a great appreciation for the kind of headaches this has caused for them out there, because the Congress has changed its course numerous times as you have elaborated.

Mr. HYDE. I have one more question, and I ask you this as a lawyer Mr. Sciaroni. Can Congress use its power of the purse to cut off, restrict or amend the President's constitutional powers to be the supreme spokesman for America in foreign policy, the sole operator? Can the power of the purse amend the constitutional powers of the President?

Mr. SCIARONI. I don't believe so.

Mr. HYDE. I don't think so either.

Thank you.

Mr. SCIARONI. Thank you.

Chairman HAMILTON. Senator Mitchell.

Mr. MITCHELL. Thank you, Mr. Chairman.

Good morning, Mr. Sciaroni.

Mr. SCIARONI. Good morning.

Mr. MITCHELL. Mr. Sciaroni, as I understand it, prior to becoming counsel to the President's Intelligence Oversight Board, you had never practiced law; is that correct?

Mr. SCIARONI. That is true.

Mr. MITCHELL. Indeed, when you applied for the job as counsel to the Board, you were not qualified to practice law because you had not yet passed the Bar examination?

Mr. SCIARONI. That's true.

Mr. MITCHELL. And as a condition of your becoming counsel to the Board, you did take and pass the Bar examination?

Mr. SCIARONI. That's true as well.

Mr. MITCHELL. So when you assumed your position as counsel to the President's Intelligence Oversight Board, it was the first time you had ever been employed as a lawyer in a legal capacity; is that correct?

Mr. SCIARONI. That's true.

Mr. MITCHELL. And you had never before that conducted an investigation in a capacity as a lawyer; is that correct?

Mr. SCIARONI. That's true as well.

Mr. MITCHELL. I understand the staff of the Intelligence Oversight Board consisted of you and one secretary; is that correct?

Mr. SCIARONI. That's also true, and consultants are sometimes used.

Mr. MITCHELL. Now, as you've testified this morning, you conducted an investigation into the question of whether or not the Boland amendment applied to the staff of the National Security Council.

Mr. SCIARONI. Right.

Mr. MITCHELL. Under the Executive order establishing the Board, the Board is to report to the President; is that correct?

Mr. SCIARONI. That's true.

Mr. MITCHELL. Now, your memorandum on that question is seven typewritten pages long, single spaced, and it was addressed to Robert McFarlane who was then the President's National Security Adviser?

Mr. SCIARONI. That's right.

Mr. MITCHELL. Now, the memorandum makes no mention of the fact that on August 8, 1985, approximately 30 days before the memorandum, the President's principal spokesman said, and I quote:

> No member of the National Security Council staff has at any time acted in violation of either the spirit or the letter of existing legislation dealing with United States assistance to the democratic resistance in Nicaragua.

At the time you wrote your memorandum, were you aware of that statement by the President's principal spokesman?

Mr. SCIARONI. Yes, I was.

Mr. MITCHELL. And you did not feel that a statement by the President on the very subject which you were considering had any relevance to your inquiry?

Mr. SCIARONI. By the time the Board issued that opinion, both the—well, the President, his principal spokesman and the National Security Adviser had all rendered judgments that there was no violations of the Boland amendment occurring at the NSC. I was aware of that, but I did not think that that should preclude a factual investigation by me.

Mr. MITCHELL. The two are not mutually exclusive, are they?

Mr. SCIARONI. Excuse me?

Mr. MITCHELL. A factual investigation is not mutually exclusive of taking note of the fact the President himself had made a statement on the very subject which you were advising him on?

Mr. SCIARONI. Of the three administration statements stating that there was no violations of the Boland amendment, none of those activities where occurring at the NSC, I took the National Security Adviser's statement to be the most substantive, because he was, of course, Colonel North's most immediate supervisor and would be apprised of what he was doing.

Mr. MITCHELL. That was the statement made by Mr. McFarlane in a letter to Representative Hamilton on August 20, 1985; is that correct?

Mr. SCIARONI. There were some press accounts in late August by the National Security Adviser, Robert McFarlane. I was not aware of the Hamilton exchange with McFarlane.

Mr. MITCHELL. You were not aware of that?

Mr. SCIARONI. I was not aware of it. That correspondence was not made available to me.

Mr. MITCHELL. I see.

So, you conducted an investigation to inform the President on the question of whether or not the staff of the National Security Council was subject to the Boland amendment, and you did not include in your memorandum any reference to statements made by the President and the National Security Adviser and, indeed, the Department of State on the very subject which you were expressing an opinion on? That is correct, is it not?

Mr. SCIARONI. It was a separate investigation.

Mr. MITCHELL. I see.

Do they not indicate to you that at that time, at least, the President, the National Security Adviser and the State Department were of the view that the staff of the National Security Council was covered by the Boland amendment?

Mr. SCIARONI. I became aware of that around that time period, but, again, much as the former National Security Adviser testified a few weeks ago, I took that to mean it was a matter of policy that they were going to apply that, not as a matter of law.

I didn't see statements of any legal analysis that was done. I didn't know if they had or had not, but that wouldn't preclude me from coming up with a separate opinion.

Mr. MITCHELL. I don't suggest that they precluded you, but I must say that it is peculiar, to say the least, that in preparing for the President, through his National Security Adviser, a memorandum on the question of whether or not the Boland amendment applied to the National Security staff, that you did not even make note of the fact that both the President, who was the ultimate recipient of your opinion, and the National Security Adviser, who was the immediate recipient of your opinion, had previously expressed views on the very subject that you were rendering an opinion on, and, indeed, the Department of State, as well, even though they were not the recipients of your opinion.

Mr. SCIARONI. We don't work for the National Security Council staff, and if the President—if we had been shown, for example, the five memoranda in question, we would have had the opportunity to go directly to the President to express our concern about that course of action that was being taken.

I think that the history of our Board has shown that it is independent and objective, and by that I mean it is not tied to any other institution, either in the intelligence community or anywhere else.

Mr. MITCHELL. If you were a public official and your lawyer was advising you on a question, would you like to have your lawyer in the same opinion remind you of your prior statements you had made on the very subject which the opinion dealt with?

Mr. SCIARONI. I really don't know.

Mr. MITCHELL. You don't. All right. That answers the question. Mr. Sciaroni, as I understand your opinion, the National Security Council staff is not covered by the Boland Amendment because the National Security Council is not specifically identified either in the Boland Amendment itself or in section 101 of the Intelligence Authorization Act of 1985; is that correct?

Mr. SCIARONI. That is correct.

Mr. MITCHELL. So, if an agency is listed, it is covered, and if an agency isn't listed, it is not covered. That is your opinion?

Mr. SCIARONI. That is correct.

Mr. MITCHELL. And in your opinion, it didn't make any difference what the employees of any agency were actually doing. If the agency is listed, they are covered by Boland; if the agency isn't listed, they are not covered by Boland. That is your opinion?

Mr. SCIARONI. It would stretch credulity to think that somebody in A, could do those kinds of things the Boland Amendment tried to prohibit.

Mr. MITCHELL. Supposing they did just that, supposing employees of the Department of Agriculture, which are not listed in either of those pieces of legislation, engaged directly in the prohibited type of activity—that is, intelligence activity—would they be covered by the Boland Amendment?

Mr. SCIARONI. They wouldn't, but it is an unlikely situation operationally——

Mr. MITCHELL. Have you not been following these hearings, Mr. Sciaroni.?

Mr. SCIARONI. Yes, I have.

Mr. MITCHELL. There is very little you could say that would qualify it as highly unlikely. Your opinion, however, is—apart from the conclusion about highly unlikely—is that if the Director of the Central Intelligence Agency did not agree with the Boland Amendment and wanted to avoid the Boland amendment, he could have done so simply by transferring from the CIA to the offices and payroll of the Department of Agriculture those persons who were engaged in intelligence activities.

And since they were then employed by an agency not specifically listed in the law, in your opinion, they are not covered by the Boland Amendment; is that correct?

Mr. SCIARONI. That would very quickly become known there was some operational entity at the Agriculture Department. I'm sure the Congress would move to cut that off.

Mr. MITCHELL. But until Congress moved to cut it off, in your legal opinion, they would not be covered by the Boland amendment; that is what you are saying?

Mr. SCIARONI. That is true.

Mr. MITCHELL. Going down the list of agencies specifically included in either the Boland Amendment or section 101 of the Intelligence Authorization Act, the CIA, Defense Department, Defense Intelligence Agency, the Army, Navy, the Air Force—all they had to do to avoid the consequences of the Boland act, in your legal opinion, was to transfer to the offices and payroll of the Agriculture Department or any other agency of government not specifically listed, those persons engaged in that type of activity, and the Boland amendment would not have applied to them. That is your legal opinion?

Mr. SCIARONI. Sir, the operative words there are "all they had to do," and I think that is a considerable amount for any operational intelligence agency to do, make a transfer such as that.

Mr. MITCHELL. Having heard testimony about what Colonel North has done, Mr. Sciaroni, I'm asking you to limit yourself. Your opinion, as you have expressed it here today—they could have done that and the Boland amendment would not have applied to them?

You have testified to that, haven't you?

Mr. SCIARONI. I would point out footnote 5, which does limit the organizations. You simply couldn't transfer something to another agency, I pointed out, as long as those funds originated at CIA or DOD. Certainly that would fall under the prohibition.

Mr. MITCHELL. Supposing they were on the payroll of another agency, they transferred them to the Agriculture Department payroll and offices. Let me go on. I think your answer is clear.

Mr. Sciaroni, on October 10, 1984, Congress passed an appropriations act, which took effect on October 12, which included what we know as the Boland amendment; is that correct?

Mr. SCIARONI. That's correct.

Mr. MITCHELL. On October 11, the following day, 1984, Congress passed the Intelligence Authorization Act, which took effect on November 8th of that year; is that correct?

Mr. SCIARONI. That's correct.

Mr. MITCHELL. In your opinion, did the Intelligence Authorization Act supersede the appropriations act?

Mr. SCIARONI. It gave further definition to what was—there are two pieces of legislation, distinct pieces of legislation, and one prohibited DOD specifically, and the other, all members of the intelligence community.

Mr. MITCHELL. My question was: Did the Intelligence Authorization Act supersede the appropriations act?

Mr. SCIARONI. I would say that it complemented it.

Mr. MITCHELL. Did it supersede it? That is my question.

Mr. SCIARONI. You mean in terms of the coming second time——

Mr. MITCHELL. Did it supersede the appropriations act? That is my question.

Mr. SCIARONI. I don't have an opinion on that. They are two separate pieces of legislation.

Mr. MITCHELL. Well, do you recall your deposition, taken under oath, one week ago today?

Mr. SCIARONI. Right. I was not using the word "supersede" there in a strict sense.

Mr. MITCHELL. Did you not use the word "supersede"?

Mr. SCIARONI. I did.

Mr. MITCHELL. You used it more than once, did you not?

Mr. KNAUER. As you know, Mr. Sciaroni has not been given access to the deposition, except to the extent that he could visit the Capitol and see it, which he didn't have occasion to do. If you could refer to a specific portion of the deposition and let him read it, then he could respond to the question.

Mr. **Mitchell**. Page 39, lines 22 and 23, you say the authorization act supersedes it.

Mr. **Sciaroni**. I was groping for a word, and that may have been a poor choice of words.

Mr. **Mitchell**. So your testimony today is different from what it was last Monday, you do not now believe that the Authorization Act superseded the——

Mr. **Knauer**. Excuse me. We still don't have a copy of the deposition. Mr. Sciaroni hasn't seen it since he was deposed a week ago.

Mr. **Mitchell**. But he acknowledges he used the word "superseded" more than once, does he not?

Mr. **Knauer**. We would like to see the deposition. What page?

Mr. **Mitchell**. Thirty-nine, lines 22 and 23; page 40, line 22.

I guess I will ask you what you believe now. Do you believe that the authorization act superseded——

Mr. **Sciaroni**. That was a poor choice of words. They were two separate pieces of legislation.

Mr. **Mitchell**. So that the appropriations act was not, in fact, superseded by the authorization act, was it?

Mr. **Sciaroni**. That is true.

Mr. **Mitchell**. It remained in effect, did it not?

Mr. **Sciaroni**. Right.

Mr. **Mitchell**. And the prohibition contained in the appropriations act continued in force, notwithstanding the enactment of a later authorization?

Mr. **Sciaroni**. That is true.

Mr. **Mitchell**. All right. Thank you.

Now, Representative Hyde read to you a section from the Supreme Court case known as *Curtiss Wright*. As a lawyer, Mr. Sciaroni, do you know what the word "dictum" means when referring to legal opinions?

Let me tell you what it means and then ask if you agree. "Dictum" is language in a legal opinion that is not essential to the decision and therefore is of no binding effect.

Mr. **Knauer**. He was not asking for a definition.

Mr. **Mitchell**. Do you agree with that definition?

Mr. **Sciaroni**. Yes, I do.

Mr. **Mitchell**. You are not aware, as you sit there, are you, whether or not the provision read to you by Representative Hyde is or is not dictum?

Mr. **Sciaroni**. I would have to look up the opinion.

Mr. **Mitchell**. You'd have to look at the opinion. When you do so, I believe you will find it was dictum, it was not relevant to the decision and it has no binding effect, as all dictum does not.

I just have to say one more question and then I'd like to make a comment. Is my time up?

Chairman **Hamilton**. You may take additional time Senator Mitchell because there was quite a break there while he studied the deposition.

Mr. **Mitchell**. I have one further question and comment. Mr. Sciaroni, did you discuss your opinion with any official of the Justice Department or any other legal officer of any intelligence agency of the United States?

Mr. **Sciaroni**. Prior to——

Mr. MITCHELL. Yes, prior to your preparing and providing to the Board the opinion.

Mr. SCIARONI. I don't believe I did.

Mr. MITCHELL. So it was exclusively your work product?

Mr. SCIARONI. Yes, sir.

Mr. MITCHELL. And your entire investigation consisted of one meeting with Colonel Thompson, which lasted approximately 30 to 40 minutes, and one meeting with Colonel North, which lasted about 5 minutes.

Mr. SCIARONI. Right.

Mr. MITCHELL. Well, the dictionary defines oversight in two ways. One is a failure to notice or consider an omission due to carelessness. The other is supervision with watchful care. I think it is fair to say that the Executive order intended the latter, but it is hard to conclude that this opinion represented anything but the former.

Mr. SCIARONI. Could I make a statement in response?

Mr. MITCHELL. Yes, go ahead.

Mr. SCIARONI. With regard to the investigation, I would like to point out that the Congress investigated Colonel North's activities on more than one occasion and they came up with the same result I did, which was he was not. I agree we have a small staff, but I believe in the integrity of the Board and our function, and I would merely point out the Congress has a great deal more staff and investigatory power than our small Board does.

I would like to read for the record a description, a PROF note which has been declassified, from an investigation that took place in the summer of 1986, of Colonel North's activities and this from the hearings so far would indicate that the private benefactors were at the peak of their—I don't know—activities, and this PROF note is with regard to the HPSCI interview of North and it reads as follows:

> The session was a success. Hamilton will entertain a motion to report unfavorably on resolution of inquiry and make clear beliefs HPSCI can turn aside future offers of similar resolutions. North's remarks were thorough and convincing. Hamilton underlined his appreciation to Admiral and to Bud for full cooperation offered by NSC. He re-stated there were no facts uncovered by or known to HPSCI to substantiate the allegations in the resolution of inquiry or media reports of North's activities.

I bring this up not to be critical, but if the Congress with a lot more manpower couldn't come up with evidence, I am not sure a criticism of our Board is right also.

Mr. MITCHELL. I will make two comments.

The first is that had you been seriously investigating this matter, had access to documents which simply were not available to the Congress which were deliberately withheld from the Congress so as to increase a misleading impression, and the second is even assuming the validity of your point, the failure of one entity of government to perform its task is not a justification for another entity of government failing to perform its task.

Thank you very much, Mr. Chairman.

Mr. HYDE. Mr. Chairman, may I be permitted to ask one follow-up question?

Chairman HAMILTON. Mr. Hyde.

Mr. HYDE. Thank you. I appreciate that.

Mr. Sciaroni, when you go back to your office today, I am going to ask you to do me a favor. Write Senator Mitchell a letter and ask him if he would please provide you with any Supreme Court case ever written that says anything different about the power of the President in foreign policy other than the dicta of the *United States* vs. *Curtiss Wright Export* and then when he responds, would you share that with me?

Mr. MITCHELL. You don't have to wait. I will send you the Constitution.

Mr. HYDE. You mean, Senator, that the Court is wrong and the Court said something different from the Constitution? Do you really mean that, Senator?

Mr. MITCHELL. Dictum in a Supreme Court opinion does not override the U.S. Constitution, never has and never will.

Mr. HYDE. It is still a statement of the Court, and there is no such Supreme Court decision, nor is there a textbook extant in the country that says that the President doesn't speak in a superior way because he has a national constituency, and if you can show me any different law than this, I would be very appreciative of it and I will buy you dinner at a restaurant of your choice.

Mr. MITCHELL. We don't want to prolong this, but superior, which you just used, is different from exclusive, which you used earlier. You have changed the substance of your argument in light of the events that intervened between your first comment and this one.

Mr. HYDE. There is a doctrine called separation of powers that has not been amended by the Boland act, I am sure.

Chairman HAMILTON. Senator Trible.

Mr. TRIBLE. The Intelligence Oversight Board was established, and I read from the Executive order, to enhance the security of the United States by assuring the legality of activities in the intelligence community. The order says "legality." What about wisdom or propriety? Do you see that as part of the mandate as well?

Mr. SCIARONI. Yes, I do. Let me make a statement right here because a former chairman of the Board during the Carter years has criticized the current Executive order, which did drop the word propriety, and our record shows that that word was dropped because they felt it was redundant. In other words, that laws of the United States, Presidential directives and Executive orders, would cover that. I can assure you that members of the intelligence community that report to our office have never changed their reporting standards, so improprieties are reported to us, as well.

Mr. TRIBLE. So you would be concerned, then, if actions were unwise or improper as well as illegal?

Mr. SCIARONI. Absolutely.

Mr. TRIBLE. Well, here I must say, even if it can be argued Boland did not apply to the NSC staff, one wonders how anyone would suggest these activities could be anything but a risk to the President and his policies.

Let me go on to reading from the Executive order. Section 2 spells out the responsibilities of the Board,

> A, to inform the President of intelligence activities that any member of the Board believes are in violation of the Constitution or the laws of the United States.

How often has the Board met with the President?

Mr. SCIARONI. We meet at least on an annual basis, and if special circumstances require, then additional meetings are laid on.

Mr. TRIBLE. So you meet with the President, then, at least once a year?

Mr. SCIARONI. Right.

Mr. TRIBLE. What is the nature of that meeting?

Mr. SCIARONI. We give him an annual report. It sort of quantifies what the activities of the Board have been and the members of the Intelligence Community with regard to intelligence oversight for the preceding year.

Mr. TRIBLE. Beyond these meetings, did you ever attempt to meet or otherwise communicate directly with the President?

Mr. SCIARONI. Personally, no.

Mr. TRIBLE. In your official capacity, representing the Board?

Mr. SCIARONI. No.

Mr. TRIBLE. In carrying out its responsibilities?

Mr. SCIARONI. No. That would be the chairman's role.

Mr. TRIBLE. Did the chairman do that tc your knowledge on behalf of the Board?

Mr. SCIARONI. Other than our—I mean, usually when we meet with the President——

Mr. TRIBLE. Other than your annual visits that you described?

Mr. SCIARONI. Sure. We have met with the President on other occasions.

Mr. TRIBLE. All right, sir.

Now, the second responsibility spelled out in Section 2 is to forward to the Attorney General reports received concerning intelligence activities deemed unlawful. Have you made such reports available to the Attorney General?

Mr. SCIARONI. Yes. But let me add a caveat there. By the time I became counsel to the Board, I think that the intelligence oversight system had developed to such a point that usually when we get word of an illegality or potential illegality, they are usually reported, invariably reported at the same time to the Attorney General.

Mr. TRIBLE. Has the Board during your tenure made such reports to the Attorney General?

Mr. SCIARONI. There has only been one case so far as I know. But when we—reports are forwarded to us, a notation is always made by the originating agency that the Attorney General's Office or the Department of Justice have been notified.

Mr. TRIBLE. Section (e) sets forth the responsibility to conduct such investigations as the Board deems necessary to carry out its function. How many investigations have you and the Board carried out?

Mr. SCIARONI. Well, that would be a difficult question to answer because again, in my line of work, I am not sure I could define the word "investigation." There could be a full-blown investigation which would require my undivided attention for a multi-week period. Or it could be something as simple as a newspaper item in the morning paper which would require me to pick up the secure line and call a responsible official in the intelligence community to find out if there was any substance behind the story.

Mr. TRIBLE. How would you describe your August, 1985, inquiry?

Mr. **Sciaroni**. I would say that——

Mr. **Trible**. Was that an investigation?

Mr. **Sciaroni**. It was not a—it was an investigation, right, but it's not as comprehensive as some that I have pursued.

Mr. **Trible**. So how many times have you carried out investigations that rise to the moment of your August, 1985, inquiry or above?

Mr. **Sciaroni**. I'd have to think about that. That's hard to quantify.

Mr. **Trible**. Perhaps you can submit that for the record.

Mr. **Sciaroni**. I'll be happy to do so.

[The information had not been received at the time of publication.]

Mr. **Sciaroni**. I would like to point out the level of activity of this Board has been much higher than previous Boards. For example, the Defense Department—Assistant for the Secretary of Defense for Intelligence Oversight has confirmed that the level of requests for information during my tenure as counsel have been in 1985, 23; in 1986, 22; and in 1987, 11. Those 3 years are more than the entire Carter years put together by an order of magnitude.

Mr. **Trible**. Let's move on and focus for a moment on the August, 1985, inquiry.

Mr. **Sciaroni**. Right.

Mr. **Trible**. You indicate you talked to Commander Thompson and Colonel North?

Mr. **Sciaroni**. Right.

Mr. **Trible**. You asked Thompson, "Is this all?" and Thompson said, "Yes, except for what's in Ollie's personal files."

Did you ask Commander Thompson what was to be found in Colonel North's files?

Mr. **Sciaroni**. He had made a distinction with regard to the memoranda that he was showing me. He said, first of all, that it was what the Hill had been shown or been made available to the Hill, Capitol Hill, and he made a distinction between Colonel North's working papers and documents and things that had gone into the NSC—the system, that had left Colonel North's office, I suppose.

Mr. **Trible**. I don't understand what you just said. Were you led to believe that what remained in Colonel North's personal files were not relevant to your inquiry?

Mr. **Sciaroni**. I was led to understand that those were not being made available because they were his working papers. I believe a legal distinction was being made.

Mr. **Trible**. Oh, I see. I see. So you knew then you weren't receiving all the relevant information?

Mr. **Sciaroni**. That's not what I said.

Mr. **Trible**. It certainly sounded like that's what you said. You said documents were being withheld for some legal reason, working papers. That sounds like something akin to Executive privilege.

Mr. **Sciaroni**. No. Personal papers, what he was currently engaged in working on.

Mr. **Trible**. Let me tackle this another way.

We now know, do we not, that it wasn't all?

Mr. **Sciaroni**. We do indeed.

Mr. **Trible**. All right. Under the law, are there any situations where you can be denied access to all relevant information when you ask for it in attempting to carry out your responsibilities?

Mr. **Sciaroni**. Here is a distinction that needs to be made. If you will look at the Executive order on intelligence, you will see the members of the intelligence community that have to report to us, the inspector generals and the general counsels. The NSC is not listed there.

This investigation was an anomaly of a sort insofar as the NSC does not have a reporting requirement to us. Therefore, I was relying upon the good will of other officers at the White House to show me what was available and help me in my investigation. The hook upon which the investigation was launched was the fact there were allegations of illegal activities.

Now, if I had reason to believe there were illegal activities going on, then I certainly would have gone to a higher level.

Mr. **Trible**. I understand.

You say you had no responsibility to investigate the activities of the NSC. But you were doing that?

Mr. **Sciaroni**. I have authority over the—the Board has the authority to investigate illegal intelligence activities, but we don't have the same kind of leverage with regard to the NSC as we do with the members of the intelligence community who have, by law, to report to us. That is in the Executive order. They don't have any choice about that.

Now, if I had reason to believe there was an illegal activity going on at the NSC, certainly——

Mr. **Trible**. You would have reported to someone else?

Mr. **Sciaroni**. I would have gone to the chairman immediately, to the full Board, and we would have either gone to the National Security Adviser or the President.

Mr. **Trible**. Let me ask you this. Under the law, as you understand it, in your activities with other intelligence agencies, can they say no or withhold documents when you request those?

Mr. **Sciaroni**. No.

Mr. **Trible**. You say the NSC could because they don't really fit the definition of "intelligence community"?

Mr. **Sciaroni**. If I had reason to believe there was something improper or illegal going on there, then I certainly would have pursued it to the full extent.

Mr. **Trible**. Did you pursue it with Oliver North when you talked to him? Did you ask him about those documents—about their relevance to your inquiry?

Mr. **Sciaroni**. The documents in his office?

Mr. **Trible**. Yes, those that you knew had been withheld.

Mr. **Sciaroni**. No. I was—had or was going to go over his head to a responsible officer at the NSC, that is the general counsel, to secure that.

Mr. **Trible**. Mr. Sciaroni, let me ask you this. Is it institutionally possible for you to do your job of undertaking investigations? You tell us that you have no staff but for a secretary. You have no subpoena power. You basically stand alone.

How can you secure the information that is necessary to carry out the mandate of this Executive order?

Mr. SCIARONI. Well, as I suggested in my opening statement, the system of intelligence oversight as it has developed over the years requires a reporting up, so that there is a multitiered system of people in the intelligence community that gather illegalities or improprieties, things that have happened, and they report them up to us. They do this on a regular basis.

That is, the integrity of the system is not dependent upon a huge staff at the top. It is dependent upon the entire system doing its job. That is required by law.

They have to report those things up the chain of command. They ultimately come to rest in our office for review and perhaps action.

Mr. TRIBLE. Still——

Mr. SCIARONI. Let me say one other thing.

Mr. TRIBLE. Sure.

Mr. SCIARONI. It may be—you do have a point, though. It may be a proper time to review whether the Board should have something like the power to put people under oath or subpoena power. I mean, that is a valid point. We are going to be reviewing that at the White House.

Mr. TRIBLE. I think it is a matter that ought to be pursued, even at this late date.

Let me ask you about Executive—the Executive order. It says nothing about legal opinions, advisory legal opinions. What was the basis of authority for undertaking wideranging legal opinions?

Mr. SCIARONI. I wouldn't say they were wideranging, but it is the nature of the office.

We do—we look into matters of legality in the intelligence community, and I think that that would be a natural outcome, is to forward memoranda to the President or his National Security Adviser.

What I should point out here—it has not come up so far—is that in the Reagan administration, the Reagan White House has been more decentralized, so most of the memoranda we produce would go to the National Security Adviser, not directly to the President.

We do have the authority to go directly to the President, as it states in the Executive order, as you just pointed out. However, the way this has typically functioned, at least in the time this Board has been around, is that the reports are made to the National Security Adviser in his role as the adviser to the President for National Security Affairs, not as the head of the NSC staff.

Mr. TRIBLE. Not finding anything in your mandate about legal opinions, let's still move ahead.

Why would you issue legal opinions to the National Security Council? By your own definition, the NSC is not part of the intelligence community.

Mr. SCIARONI. Well, as I thought I just pointed out, we don't issue—we don't send forward memoranda to the NSC as the NSC. We send them to the Assistant to the President for National Security Affairs as the representative of the President.

Mr. TRIBLE. Now, has the President ever read any of your memoranda?

Mr. SCIARONI. I assume he has.

Mr. TRIBLE. Have you ever received a response to any legal opinion that you have offered?

Mr. SCIARONI. Not in my tenure.

Mr. TRIBLE. Doesn't that make you pause and wonder whether anyone else is really listening?

Mr. SCIARONI. Well, it is our job to issue the opinions, and what they do with those opinions are their business.

Mr. TRIBLE. How many have you issued, Mr. Sciaroni, and the board?

Mr. SCIARONI. I can't say for sure how many the Board has issued, but again I think that it is about 10 memoranda a year. This is not the only focal point of what we do.

I mean, we have to conduct—we have an active intelligence oversight inspection agenda, so I go out and inspect the units in the field, either in the United States or abroad. I mean, there is a variety of activities I engage in. I just don't sit around writing legal memoranda all day.

Mr. TRIBLE. I understand. I understand. But when you issue legal memoranda, they are reviewed, are they not, and approved by the Board?

Mr. SCIARONI. By the entire Board, sure.

Mr. TRIBLE. So you and the Board are issuing these opinions then. It is your testimony there are about 10 a year?

Mr. SCIARONI. The Board issues them. That is a rough estimate that I came up with. I have never counted.

Mr. TRIBLE. How many prior to the September 12, 1985, legal opinion?

Mr. SCIARONI. I really wouldn't hazard a guess. I don't know.

Mr. TRIBLE. Would you provide that information for the record?

Mr. SCIARONI. Surely.

[The information had not been received at the time of publication.]

Mr. TRIBLE. I am troubled by the fact that you were issuing legal opinions to the very agencies that it is your job to oversee. Your job——

Mr. SCIARONI. I don't think that is correct.

Mr. TRIBLE. Let me share my concern and then put it to rest, if you will. Your job, as I understand it, is to be a watchdog, but doesn't the taking of trips with CIA, DOD personnel to show the flag, as you indicated in your deposition, the issuing of legal opinions compromise your independence? Doesn't it make you a partner and a participant rather than a disinterested commentator on intelligence activities that your intended to be?

Mr. SCIARONI. I don't believe so at all. I really think it is an asset for me to go out in the field. Because the people that I typically go out with will be people that have similar responsibilities down the chain of command from the President's Intelligence Oversight Board.

The people that I travel with are people from the Office of General Counsel or Inspectors General of the various units that are in the intelligence community.

Mr. TRIBLE. What about the issuing of legal opinions as activities are contemplated?

Doesn't that make you a part of the process rather than someone who stands back at arm's length passing the good judgment and the propriety and legality of these activities?

Mr. SCIARONI. No. I mean, I don't see that at all. The fact is that the Board is independent and objective. By independent and objective, I mean we don't have any institutional bases in the intelligence community at large.

The fact of the matter is that none of us have intelligence backgrounds and, you know, some people may view that as a negative, but I think the purpose for the record is to protect the rights of the American citizenry in making sure there is no illegal activities that transpire.

We—the issuance of opinions, I think, is totally proper because it only—those opinions are intended for the President not for members of the intelligence community.

Mr. TRIBLE. All right, sir. My time is passed. The chairman said he would give me a moment or two more.

Let me ask you very quickly what was the response of the Board to the newspaper articles in the August 1985 timeframe which set forth that there may have been some possible illegal activities?

Was the Board involved in your inquiry?

Mr. SCIARONI. I always clear any investigation that I do, at least of that nature, with the Board ahead of time.

Mr. TRIBLE. Did you have a meeting with the Board and report to them your findings?

Mr. SCIARONI. We met in September—the very day that the opinion was issued. It was the day we met and considered that.

Mr. TRIBLE. Did you spell out at that time that the totality of your inquiry, the 5-minute meeting, the 30-minute meeting?

Mr. SCIARONI. Sure. They understood all of that.

Mr. TRIBLE. They didn't raise any further questions at that time?

Mr. SCIARONI. Well, it seemed adequate at that point in time. We had asked—I asked the questions and had gotten the answers, or so I thought.

Mr. TRIBLE. Should the Board be more engaged in this process?

Mr. SCIARONI. Well, they are unpaid individuals and you may be making a cogent case for expanding staff to be sure; but these are three overseers who are distinguished citizens in private life and they have their own areas of interest that they pursue.

Mr. TRIBLE. Thank you.

Mr. Chairman, let me say in conclusion as an attorney, I can assure you, Mr. Sciaroni, none of us sitting here would really wish to have our research and writing held to the scrutiny that yours has been.

You found yourself in your first legal position in a tough place dealing with very complex issues. I know that you are an honest and conscientious man, and I wish you well. I must observe, however, that once again we see a situation where the checks and balances that are such an important part of our system, the safeguards, didn't work or were not permitted to work, and I only wish here the Board and its counsel had been more seasoned, more independent, and more vigilant.

Thank you, Mr. Chairman.

Chairman HAMILTON. The Chair will advise members we will conclude the morning session after Congressman Foley's questions.

The Chair recognizes Congressman Foley.

Mr. FOLEY. Good morning, sir.

Mr. **Sciaroni**. Good morning.

Mr. **Foley**. You testified that none of the members of the Board have any intelligence community experience; is that correct?

Mr. **Sciaroni**. I think there might be one exception to that, but generally that is true. They don't come from the intelligence community.

Mr. **Foley**. Nor do they, in fact, have any experience in the intelligence community; is that correct?

Mr. **Sciaroni**. So far as I know, that's correct.

Mr. **Foley**. And you don't have any yourself?

Mr. **Sciaroni**. That is true.

Mr. **Foley**. Were you ever involved in writing legal opinions on legislative acts prior to your service with the Board?

Mr. **Sciaroni**. I can't recall that I was.

Mr. **Foley**. Did you ever write one before the September 1985, opinion that you've described?

Mr. **Sciaroni**. None comes to mind.

Mr. **Foley**. So this is the first time in your legal career that you ever wrote an opinion regarding a legislative act?

Mr. **Sciaroni**. Perhaps outside of law school.

Mr. **Foley**. Outside of law school.

Did you, in fact, not take the Bar exam for 5 years after your graduation from law school?

Mr. **Sciaroni**. No. I did take the Bar exam.

Mr. **Foley**. You graduated in 1979?

Mr. **Sciaroni**. Right.

Mr. **Foley**. And you took the Bar examination in 1984?

Mr. **Sciaroni**. No. I didn't pass the Bar in California.

Mr. **Foley**. You failed the California Bar?

Mr. **Sciaroni**. Right.

Mr. **Foley**. Did you take any other Bar examination?

Mr. **Sciaroni**. DC, and I failed DC as well.

Mr. **Foley**. You failed the DC Bar examination.

What Bar exam did you pass?

Mr. **Sciaroni**. Pennsylvania.

Mr. **Foley**. Were you a resident of Pennsylvania?

Mr. **Sciaroni**. No, I wasn't.

Mr. **Foley**. Did you subsequently work in Pennsylvania or at that time were you working in Pennsylvania?

Mr. **Sciaroni**. No. It is a common trait among people in Washington to go up to Pennsylvania and take the Bar exam, because if you score very well on it, you can immediately waive into DC.

Mr. **Foley**. So you took the Bar exam in Pennsylvania as an easy way to get admitted to the DC Bar?

Mr. **Sciaroni**. Right.

Mr. **Foley**. I congratulate you on your candor.

Mr. **Sciaroni**. Thank you.

Mr. **Foley**. When you became employed by the Intelligence Oversight Board, do you know how you were recommended for this position as counsel?

Mr. **Sciaroni**. I believe that what transpired was that I knew the predecessor, and I understood he was leaving and I submitted my resume.

Mr. **Foley**. To whom did you submit it?

Mr. SCIARONI. I believe to the Board. I sent it in to the Board.

Mr. FOLEY. Did you know any of the members of the Board?

Mr. SCIARONI. No.

Mr. FOLEY. And as far as you know, you were selected out of all the possible applicants because of your abilities to do this kind of work?

Mr. SCIARONI. You'd have to ask the Board members, but I believe my national security background was what recommended me for the job.

Mr. FOLEY. Your national security background being what again, please?

Mr. SCIARONI. Well, I had been a public affairs fellow at the Hoover Institution, the American Enterprise Institute for Public Affairs, Public Policy. I had served at the U.S. Arms Control and Disarmament Agency and the International Trade Administration at the Commerce Department.

I had written articles in such—in that area.

Mr. FOLEY. Did you have any intelligence community oversight or scholarly interest at those previous employments?

Mr. SCIARONI. Not directly. More having to do with the intelligence product, rather than the process.

Mr. FOLEY. When you conducted the investigation that you say you conducted in August of 1985, you say that that was the first investigation that you conducted as a lawyer; is that correct?

Mr. SCIARONI. Excluding the investigation on the Tayacan Manual, which had transpired in the fall of 1984.

Mr. FOLEY. And you considered this question that had arisen about U.S. activities in support of the Contras as being a serious and important matter for the Board to investigate?

Mr. SCIARONI. The articles were quite prominent in August of 1985.

Mr. FOLEY. It was a major issue, was it not?

Mr. SCIARONI. It was.

Mr. FOLEY. And you considered it was important for the Board to involve itself in this matter?

Mr. SCIARONI. I thought so.

Mr. FOLEY. That is why you undertook this investigation?

Mr. SCIARONI. Right.

Mr. FOLEY. Which you considered to be one that required serious and thorough examination; would that be fair?

Mr. SCIARONI. That's fair.

Mr. FOLEY. Did you think you gave serious and thorough examination to the question?

Mr. SCIARONI. I believe I did.

Mr. FOLEY. As a result of having spoken to two people, one for no more than half an hour and another for 5 minutes, you consider that was a thorough investigation?

Mr. SCIARONI. The charges that had been leveled were general in nature, and once I had asked the questions about what Colonel North's activities were and been given the answers, I had no reason to doubt them.

Mr. FOLEY. You asked the counsel of the NSC, Commander Thompson, to give you information regarding those allegations, and it is your testimony now that he gave you inadequate and incomplete information?

Mr. **Sciaroni**. That would appear to be the case.

Mr. **Foley**. You believe he misled you?

Mr. **Sciaroni**. You should ask Commander Thompson.

Mr. **Foley**. What do you believe? I'm asking you if you wish to state your opinion now. Do you believe now that he knew that that information was incomplete and gave it to mislead you, gave you inadequate information to mislead you?

Mr. **Sciaroni**. Sir, I wouldn't care to characterize. You ought to put the question to him, why those memoranda weren't shown to me.

Mr. **Foley**. In other words, you at this time, knowing that you were given inadequate information by Commander Thompson, are unwilling to characterize as to whether he gave such inadequate information to you deliberately?

Mr. **Sciaroni**. I have my personal view on that, sir.

Mr. **Foley**. That is what I was asking for, your personal view. You don't care to give it?

Mr. **Sciaroni**. I really wouldn't.

Mr. **Foley**. With respect to Colonel North, the person you asked about his illegal activities, in this 5-minute investigation in his office—do you believe he told you the full truth?

Mr. **Sciaroni**. It would appear not.

Mr. **Foley**. You believe he deliberately misled you?

Mr. **Sciaroni**. These are questions we should hear from Colonel North about, why he denied that he was doing these activities.

Mr. **Foley**. I assume you know that he knew what his activities were, and he told you at the time that he was not involved in any illegal activity?

Mr. **Sciaroni**. Right.

Mr. **Foley**. And you took his word for it and went back and wrote a report based on that?

Mr. **Sciaroni**. You don't consider that another official is not going to tell you, you know—answer your questions.

Mr. **Foley**. Why do you investigate another official, if the investigation consists of asking him if he did anything wrong and taking his word when he said he didn't?

Mr. **Sciaroni**. Both Commander Thompson and Colonel North knew what the mandate of the Board was. I have to believe they understood the seriousness of my coming to ask them questions about activities, alleged activities, out of the NSC.

Mr. **Foley**. Did you ever talk to anybody in the press that was making these allegations?

Mr. **Sciaroni**. No. We don't have—we typically do not have any relations with the press.

Mr. **Foley**. Did you ever have any consultation with anybody in the Congress about it?

Mr. **Sciaroni**. We don't typically—this appearance today being the sole exception—don't have any relations—don't have reporting requirements——

Mr. **Foley**. What I am driving at, sir, is what is your concept of an investigation carried out by an oversight Board charged under law with investigating illegal activity by intelligence and related agencies? Is your concept of that sort of investigation on oversight to ask them if they are doing anything wrong and accept without question their assertion they are not doing anything wrong and ending the investigation at that point?

Mr. SCIARONI. No. I asked specifically whether he was engaged in giving military advice, whether he was out doing fundraising. The point of the matter is that the press stories at that point in time had Colonel North making trips to Central America, had Colonel North meeting with Contra leaders, with Jack Singlaub. I knew he was doing all those things. The question is what was the content of those meetings or those trips.

Mr. FOLEY. Did you ever talk to General Singlaub, for example?

Mr. SCIARONI. No, sir.

Mr. FOLEY. Ever make any contact with him?

Mr. SCIARONI. No.

Mr. FOLEY. Would that be a reasonable thing for an investigator to do if he were investigating the relations between Oliver North and Jack Singlaub?

Mr. SCIARONI. Well, I clearly wish I had now.

Mr. FOLEY. Well, in retrospect, wouldn't you fairly say that you didn't conduct any kind of an adequate or serious investigation of this matter?

Mr. SCIARONI. No. That is not true at all. I discussed with the individuals the constraints imposed by law. They gave me every reason to believe that they understood what those constraints were and they were acting within the bounds.

Mr. FOLEY. But your testimony is that except for asking them if they had violated the constraints of law, you spoke to no other person in or outside the government, made no effort to check their assertions or to discover any additional facts that might relate to this matter; is that fair?

Mr. SCIARONI. That is a fair statement. And I also reviewed the files.

Mr. FOLEY. And you reviewed the files that were given to you?

Mr. SCIARONI. Right.

Mr. FOLEY. But you didn't go beyond the files that were given to you?

Mr. SCIARONI. No. Well, I had no particular authority to go beyond. They assured me that everything was——

Mr. FOLEY. Did you ask Colonel North for any of the files that you were told by Commander Thompson that he alone possessed?

Mr. SCIARONI. No.

Mr. FOLEY. Did you discuss it with him?

Mr. SCIARONI. No. It was made clear to me that those were Colonel North's personal files.

Mr. FOLEY. By Commander Thompson. You didn't ask Colonel North that, did you?

Mr. SCIARONI. That is true.

Mr. FOLEY. How do you know Commander Thompson's information was correct. Wouldn't it be normal to ask Colonel North if those files were his personal files or not?

So anyway you didn't ask him, you didn't inquire about the files and there was no basis that you had then of knowing whether you were in possession of all the relevant information in the files?

Mr. **Sciaroni**. Well, my investigation was probably as thorough as the one that had been conducted on the Hill.

Mr. **Foley**. You keep coming back to references of what was done on the Hill and what was done by your predecessors. We are asking you what you did in your position charged by law with a responsibility that you had and you are insisting to us in your testimony today that as counsel and chief investigator of the Oversight Board for Intelligence appointed by the President, that you thought you conducted a thorough and serious investigation of this matter when you spoke to Colonel—Commander Thompson for half an hour and Colonel North for 5 minutes, and didn't go beyond the assertions made by either one that they were innocent of any wrongdoing and didn't talk to anyone else, even people you knew were associated with them in the allegations and didn't look at any files, except the files given to you, and didn't inquire whether there were any other relevant files.

Is that your testimony?

Mr. **Sciaroni**. At that point in time, I thought that I was going to an objective colleague, Commander Thompson, a legal colleague of mine at the NSC.

Mr. **Foley**. Let me ask you then. In view of what you testified to and your experience, do you think the Intelligence Oversight Board is in a good position to discover illegalities committed by intelligence agencies, unless those are previously admitted by the agencies themselves?

Mr. **Sciaroni**. I think that we are an integral and essential part of the whole system of intelligence oversight. We rely heavily on the people——

Mr. **Foley**. Integral and effective? Or integral and ineffective part of that overall? That is what I am trying to reach. Do you think the Intelligence Oversight Board performs any activities that are useful in discovering illegalities committed by intelligence or related agencies?

Mr. **Sciaroni**. Well, sir, I would point out I was possibly the first person to warn Commander Thompson and the NSC of the existence of Colonel North's activities or at least my suspicions concerning his activities.

Mr. **Foley**. If you were suspicious—I come back to the question why didn't you go farther in your investigation?

Mr. **Sciaroni**. I'm talking about a year later.

Mr. **Foley**. A year later. I'm sorry. You weren't suspicious at this particular time?

Mr. **Sciaroni**. I became suspicious over time.

Mr. **Foley**. Let me go back to the question I just asked. Do you think that the Intelligence Oversight Board is a good mechanism for providing oversight over illegal acts committed by agencies if those acts are denied by the agency and not admitted by them?

Mr. **Sciaroni**. It is an effective part of the oversight for the intelligence community.

Mr. **Foley**. Do you think you were effective in this case?

Mr. **Sciaroni**. No, I was not.

Mr. **Foley**. Do you think the Board was effective in this case?

Mr. **Sciaroni**. Certainly not.

Mr. **Foley**. When you address your reports, do you address them to Mr. McFarlane or whoever is the National Security Adviser?

Mr. **Sciaroni**. Typically, although some do go directly to the President.

Mr. **Foley**. Some go directly to the President, but most are not even addressed to the President, is that right?

Mr. **Sciaroni**. Most are not addressed to the President, that is correct.

Mr. **Foley**. Where in the Executive order does it mention the National Security Adviser?

Mr. **Sciaroni**. As I explained earlier, we have, the Executive order states that we do report directly, but in the management system of this White House, we go through the National Security Adviser.

Mr. **Foley**. The assumption is even though you are an intelligence oversight Board the National Security Adviser is the person you should report to even though not mentioned in the Executive order that defines your responsibility?

Mr. **Sciaroni**. That is the way the system has been set up.

Mr. **Foley**. Do you assume that you have responsibility for oversight of the National Security Council?

Mr. **Sciaroni**. Only if I——

Mr. **Foley**. Staff. Let's say the staff.

Mr. **Sciaroni**. Only if I have reason to believe there is an illegal intelligence activity going on.

Mr. **Foley**. And that is why you conducted the so-called investigation in August of 1985.

Mr. **Sciaroni**. That is right.

Mr. **Foley**. Do you as a result of your activities have any view as to whether there should be any changes in the law with respect to the oversight functions of intelligence agencies, including the National Security Council?

Mr. **Sciaroni**. At this point it is a moot point, because the new National Security Adviser, Frank Carlucci, has announced there is not going to be any intelligence operations out of the National Security Council.

Mr. **Foley**. So as long as we have the word of the National Security Council Adviser, I don't mean this to be any besmirching of the present incumbent or past incumbents, but as long as we have the words, that's sufficient in your judgment to take care of oversight responsibilities?

Mr. **Sciaroni**. As one official put it to me after this thing had blown up late last year, the problem in this case wasn't the failure of the system, it was the failure to use the system. The system was there. It evidently was circumvented.

Mr. **Foley**. As far as the Intelligence Operations Oversight Board is concerned, we don't need this as long as the people obey the law. Is that your testimony?

Mr. **Sciaroni**. No, I don't think that is true at all. I think that it is important for intelligence operatives in the field to understand there is an entity at the highest level of government that is concerned with professional, good intelligence operations, and that is one reason why I do go out in the field.

Mr. **Foley**. Do you think it is important that they know that the agency is an agency that is vigilant and capable of discovering any violations of law if they occur in the intelligence community in bringing them to the proper authority's attention?

Mr. **Sciaroni**. They are certainly aware that has happened.

Mr. **Foley**. Not in this case, however, correct?

Mr. **Sciaroni**. We were unfortunately precluded from doing our job in this case.

Mr. **Foley**. Thank you.

Chairman **Hamilton**. The committee's will stand in recess until 2 o'clock, at which time we will begin under the 5-minute rule with Mr. Sciaroni.

[Whereupon, at 12:05 a.m., the Select Committees were recessed, to reconvene at 2:00 p.m., the same day.]

AFTERNOON SESSION

The Select Committees met, pursuant to recess, at 2:00 p.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman **Hamilton**. The joint hearings of the Select Committees will come to order.

We begin this afternoon under the 5-minute rule with further questions to Mr. Sciaroni. The Chair recognizes Mr. Cheney.

Mr. **Cheney**. Mr. Chairman, I will be very brief.

I just have a brief statement, I think. In the interest of fairness, Mr. Sciaroni was rather heavily chastised this morning by my good friend and colleague, Mr. Foley, for not pursuing more aggressively the investigation of the press stories about Colonel North's involvement in support for the Contras in 1985 and 1986.

I think it is important for the record to show, Mr. Chairman, the two intelligence oversight committees of the House and Senate with total staff of some 60 people and the power to compel testimony and subpoena documents and witnesses were also aware at that time of those allegations, did hold meetings and interviews with Colonel North, Mr. McFarlane, and others, and also saw fit not to proceed beyond that initial series of interviews.

I think in the interest of fairness the record ought to point that out. Finally, Mr. Chairman I think the key point that has been made today is the legal analysis by Mr. Sciaroni—the Boland amendment did not apply to the NSC or the NSC staff, and we have not yet heard that refuted.

Mr. Chairman, I would yield back the balance of my time.

Chairman **Inouye**. Senator Rudman.

Mr. **Rudman**. Thank you, Mr. Chairman.

Mr. Sciaroni, I don't really want to talk about the opinion very much. I think we talked about it this morning. Everybody has their own view. I happen to think the opinion is probably incorrect, but people can disagree on that.

I am more interested in the Board. This is a Board that is created by Executive authority—Executive order. It is not a statutory Board; am I correct?

Mr. **Sciaroni**. That is correct.

Mr. **Rudman**. And looking at the Executive order, it is kind of interesting as to what you all are supposed to do. It says you shall inform the President of intelligence activities, you should forward to the Attorney General reports received concerning intelligence activities the Board believes unlawful, review the guidelines, review the practices, conduct the investigations, and then whatever you find, if you don't report to the Attorney General or under that part of this order, you report to the President.

The fact is that this Board has no line authority whatsoever over anybody; isn't that correct?

Mr. **Sciaroni**. Well, it has—the members of the intelligence community, the inspectors general and general counsel do have the obligation to report, and this is in section 4, if I could read that.

Mr. **Rudman**. It says they provide you information so you can carry out your responsibilities.

I repeat, you do not have line authority over those people. They are required by the President of the United States to supply you with information, but you have no authority to direct their activities.

Mr. **Sciaroni**. That is true.

Mr. **Rudman**. That is all I am getting at. I don't want to touch this issue anymore than it's already misunderstood by the American people. This Board has no line authority. There are people watching this all over the country wondering, what is this Board?

This Board was set up by President Carter and then President Reagan, and the purpose of the Board is to review and inform.

And as a matter of fact, there is one section here that I believe was put in there very deliberately. It says you are to forward to the Attorney General reports received concerning intelligence activities the Board believes may be unlawful.

Mr. **Sciaroni**. True.

Mr. **Rudman**. Not are unlawful—"may be unlawful."

You were never expected to have an investigatory arm, Mr. Sciaroni. You may do very cursory investigations, but let's be honest. How can one lawyer and one secretary and a part-time Board investigate anything diligently? They can't, can they?

Mr. **Sciaroni**. Well, sir, we can try.

Mr. **Rudman**. Now, Mr. Sciaroni, I am not talking about in some make-believe world. Let's get down to cases here. I am not criticizing you. You didn't write this. I am trying to get before this hearing what this Board is all about.

If you see a real problem, you send it to the Attorney General, correct?

Mr. **Sciaroni**. That is true.

Mr. **Rudman**. Let me ask you a question. You said, I think you may be correct, that you were the first person to notify Thompson, Commander Thompson, of possibly illegal activities of North.

Mr. **Sciaroni**. Right.

Mr. **Rudman**. You testified to that this morning, correct?

Mr. **Sciaroni**. Yes, sir.

Mr. **Rudman**. Now, nowhere in this entire enabling Executive order does it show you with any responsibility to the National Security Council.

Mr. SCIARONI. Let me rephrase that. I did not know that Colonel North was conducting any illegal activities, but I thought that he was probably, I suspected that he was probably engaged in a course of activities that would not redound to the benefit of the President.

Mr. RUDMAN. Why didn't you report that to the Attorney General? That is exactly what paragraph B asks you to do. It doesn't say you have found probable cause.

It simply says if you have any reports concerning intelligence activities that may be unlawful you ought to report them to the Attorney General, who, of course, would report those to the FBI. Had that been done at the appropriate time we might have got to the bottom of this a long time ago. Why wasn't that done by the Board, if you know?

Mr. SCIARONI. Yes. Sir, I am not referring to the September inquiry that I did with regard to the Boland amendment memo. I am referring to October 1986, and at the end of that month is when I came to the belief Colonel North was involved in activities to the extent I hadn't previously appreciated. I did not know that there was anything illegal being done.

I went to the NSC's general counsel, reported my concerns to him. I, then, the next week the chairman of our Board was in town, I reported my concerns to him, as well. And unfortunately the day I reported my concerns to the chairman of the Board is a day a Lebanese newspaper reported on the McFarlane trip to Tehran and we were quickly subsumed with the then-pending problems with regard to the Iran situation.

Mr. RUDMAN. Well, as far as that issue is concerned, that is correct, but the fact is that you are not an investigatory body, you are not staffed to do so. What you ought to do if you think there is unlawful activity is turn it over to people who know how to investigate it, isn't that true?

Mr. SCIARONI. Perhaps that is what we would have done had we had time.

Mr. RUDMAN. One last point. I really had a hard time following your answers to Senator Mitchell, and I want to just make sure I understand what you said. Is it your position currently—because you are still counsel to that Board, we have some interest in this—is it still your position, to use Senator Mitchell's analogy, that if the Department of Agriculture or the EPA carried out a chapter and verse covert operation that because the Boland amendment does not caption them they would not be covered?

Mr. SCIARONI. First of all, I would never have counseled such a course, but, second of all, if the legislation had read "any U.S. Government"——

Mr. RUDMAN. I am not asking you for a legal explanation. I just want to understand if I understand your legal opinion.

Mr. SCIARONI. The Boland amendment didn't apply to the Agriculture Department.

Mr. RUDMAN. Didn't apply, to make it even more probable, because the Agriculture Service is kind of far-fetched. If a President of the United States with a Boland amendment-type statute went to the U.S. Marshal's Service, who has a lot of capability with undercover people and do a lot of interesting things and they have a lot of capability, and said, we can't get this done because this amendment covers these items, you do it. Then if you are advising your oversight Board you should say as long as the Marshal's Service wasn't captioned, then they could do it? That is your legal opinion?

Mr. SCIARONI. Again, that legal opinion was very narrow. It just said it didn't apply to the NSC.

Mr. RUDMAN. So that is your legal opinion?

Mr. SCIARONI. As unlikely as that might have been, yes.

Mr. RUDMAN. Did you ever read Dickens, Mr. Sciaroni?

Mr. SCIARONI. On occasion.

Mr. RUDMAN. Did you ever read "Oliver Twist"?

Mr. SCIARONI. It has been quite a while.

Mr. RUDMAN. Remember Mr. Bumble?

Mr. SCIARONI. Well——

Mr. RUDMAN. I want to just tell you this because it's good for everyone to understand, particularly the American people watching this and learning about our laws and how we make them. He said, "If the law supposes that Mr. Bumble, the law is an ass, an idiot." This Congress assumes, Mr. Sciaroni, that when it passes a law, that an outrageous, blatant attempt to subvert the law will be recognized by the courts for what it is, because courts always recognize attempts to subvert the law. This is not a contract between adversaries; this is the intent of the U.S. Congress.

I want to just tell you, Mr. Sciaroni, I think your opinion on that issue is just dead wrong.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Courter.

Mr. COURTER. Thank you, Mr. Chairman.

Mr. Sciaroni, this morning much was made of the fact that your legal credentials were not what some people would have them to be, but it's my understanding that one of the people that were members of the Intelligence Oversight Board was Charles Meyers; is that correct?

Mr. SCIARONI. That is true.

Mr. COURTER. And Charles Meyers is or was the dean of Stanford University Law School?

Mr. SCIARONI. Yes.

Mr. COURTER. He was educated and got his juris doctorate at Columbia University?

Mr. SCIARONI. I believe so.

Mr. COURTER. He was a professor of law at Stanford University for a period of time?

Mr. SCIARONI. Right.

Mr. COURTER. He was the president of the Association of American Law Schools?

Mr. SCIARONI. That's right.

Mr. COURTER. Did he review your legal opinion with regard to whether the Boland amendment covered the National Security Council?

Mr. SCIARONI. He did indeed.

Mr. COURTER. Did he agree with that opinion?

Mr. SCIARONI. Excuse me?

Mr. COURTER. Did he agree with that opinion?

Mr. SCIARONI. Yes, he did.

Mr. **Courter**. So can I take it from your answers that the weight of the authority as to whether that legal opinion that was drafted by you, I think we can conclude that it not only has the weight of your legal analysis but the weight of the analysis of Charles Meyers as well.

Mr. **Sciaroni**. That's true.

Mr. **Courter**. Mr. Sciaroni, earlier this morning much as well was brought out about the fact that your investigation into the factual circumstances of Oliver North's involvement in these operations in Iran and Nicaragua was less than thorough. Do you remember the line of questioning?

Mr. **Sciaroni**. I do indeed.

Mr. **Courter**. The question I have is, do you believe that your memorandum relies on those factual circumstances or is it really a question of law rather than a question of fact?

Mr. **Sciaroni**. It was a question of law except for where footnote 5 comes into play.

Mr. **Courter**. I understand your testimony. But with respect to whether Oliver North told you of the complete truth or not, your memorandum stating in essence that the Boland amendment does not cover the National Security Council would be the same irrespective of the factual circumstances?

Mr. **Sciaroni**. That's true.

Mr. **Courter**. So we are dealing here with a question of law and not really a question of fact?

Mr. **Sciaroni**. In the main, yes.

Mr. **Courter**. The facts were, in other words, if you received a complete and candid disclosure from Oliver North as to his activities, your basic statement and legal analysis, agreed to, of course, by Charles Meyers, would have been the same?

Mr. **Sciaroni**. That's true.

Mr. **Courter**. And that would have been the fact the National Security Council was not covered by the amendment?

Mr. **Sciaroni**. That's right.

Mr. **Courter**. You obviously recognize the fact not all attorneys have that view?

Mr. **Sciaroni**. There is a great difference of opinion on that.

Mr. **Courter**. Do you think there is a difference of opinion where reasonable minds could differ?

Mr. **Sciaroni**. I do.

Mr. **Courter**. There was an indication earlier this morning during the testimony that during the time the first Boland amendment was passed, there was a significant debate that you were aware of as to whether that covered the National Security Council.

Mr. **Sciaroni**. There was a debate.

Mr. **Courter**. So it appears by the debate that was raging inside your department, and particularly among Members of Congress, was that reasonable minds could differ as to the interpretation of the Boland amendment?

Mr. **Sciaroni**. That's true.

Mr. **Courter**. If reasonable minds can differ and if Congress recognized that reasonable minds can differ as to whether it applied to the National Security Council, don't you think it was incumbent upon the Congress, if they had a strong view, to clarify that position by redrafting the amendment?

Mr. SCIARONI. I think clarity is always to be desired in legislation, and I think one thing that I would have preferred to say to Senator Rudman is that, again, to get back, if that prohibition was governmentwide, it would also apply to Executive Office of the President and, therefore, to the President himself, and I think you have a major constitutional issue joined. I think if that was the intent, to join that issue, not just the NSC but the President himself, then we should have had that debate in 1984 or 1985.

Mr. COURTER. Thank you. No further questions.

Chairman INOUYE. Senator Cohen.

Mr. COHEN. Thank you, Mr. Chairman.

I was going to ask Senator Rudman if he would clarify his observations but I think we will have to let it speak for the record, Senator Rudman. He was a bit ambiguous in his assessment of the law on this point.

Congressman Cheney made an observation. He said that not only were you under this particular impression, but also the House and the Senate Intelligence Committees. The fact of the matter is the Intelligence Committee, at least the one in the Senate, doesn't have the power to compel the NSC Adviser or employees to come to the Hill, does it?

Mr. SCIARONI. I don't believe it does.

Mr. COHEN. Does it have the power to subpoena documents held by the NSC?

Mr. SCIARONI. I don't believe the Senate does, no.

Mr. COHEN. As a matter of fact, the President was exerting Executive privilege to those documents, was he not?

Mr. SCIARONI. I wasn't there. That is probable.

Mr. COHEN. What took place, as a matter of fact, is we talk about you walked into that office and you indicated you felt they knew how serious it really was when you came in to conduct an investigation, and it was almost as if you were Matt Dillon walking into the office. But the fact is, you had sort of empty holsters because you can't compel them to do anything.

Mr. SCIARONI. That is true, I don't have subpeona——

Mr. COHEN. Here is a one inch stack of documents which we made available to the Members of Congress and that is all you are getting. The rest of these are private documents, right?

Mr. SCIARONI. Right.

Mr. COHEN. Personal documents.

Mr. SCIARONI. Or documents that aren't relevant.

Mr. COHEN. Or documents that aren't relative. You went into Colonel North's office and you found his office was filled with documents, wasn't it?

Mr. SCIARONI. Indeed. He had file cases out in the corridor filled with paper as well.

Mr. COHEN. He said this is what you are getting, because that is all Congress is getting. Give us an opinion on that or make your opinion on that.

Mr. SCIARONI. They said they were producing the relevant documents for my review.

Mr. **Cohen**. But you didn't go to Oliver North and say I want to see the other documents, did you?

Mr. **Sciaroni**. I had—well, first of all he had several portfolios so not all those documents would be relevant. In a practical sense, I don't think I was going—I would probably still be sitting there. I think your staff can attest to how much paper Colonel North accumulated. I think I would still be sitting there pouring through those documents.

Mr. **Cohen**. That is what they did to Congressman Barnes. Come on down, but don't bring any staff. Who can stay here, you might have 10 roll calls that day, we are willing to let you sit here for the next 10 weeks if you want to go through the documents.

Mr. **Sciaroni**. I understand that. I was not party to that.

Mr. **Cohen**. You went to Oliver North and said in essence, "Say it ain't so, Ollie?"

Mr. **Sciaroni**. No, I went to Commander Thompson, because as a person higher up the chain of command, he would have access. I wouldn't simply rely upon Colonel North providing this.

Mr. **Cohen**. You say you went to Colonel North. You asked him if he was engaged in anything illegal?

Mr. **Sciaroni**. I asked him if he was engaged in the course of activities described in the newspapers.

Mr. **Cohen**. In your experience, have you ever known any individual that you have confronted or anybody else has confronted and saying, "Are you doing anything improper?" and they have said yes?

Mr. **Sciaroni**. I can't recall such an occasion.

Mr. **Cohen**. I can't recall it either.

Mr. Chairman, I just have an observation to make about a sort of pattern that has taken place here of Catch-22 problems. On the one hand, we have the argument being made that you don't include the NSC in the definition of intelligence agencies because it simply coordinates information, it simply serves as an adviser to the President on intelligence gathered by other agencies, so don't Congress touch the NSC. That would be an improper thing for Congress to do.

Then when the NSC is excluded from the Boland amendment by lack of a specific reference, Congress is then chastised for its omission, saying even Congress didn't include the NSC, after we are constantly told don't touch the NSC. It doesn't engage in intelligence activities. That is one of the Catch-22s we find ourselves confronted with.

Secondly, we have a situation in which incomplete, misleading information is given to counsel such as Mr. Sciaroni, leading him to a conclusion. Then his legal opinion is cited for justification for continuing the activities, saying we have an opinion here, it is OK, it is legal.

Secondly, we have incomplete, misleading or false information presented to the Intelligence Committees and then the Intelligence Committees are then cited to corroborate the fact that the CIA or other intelligence agencies aren't engaging in anything wrong. That has been a pattern throughout these hearings and the reason your testimony, I believe, Mr. Sciaroni, will amply demonstrate it is consistent with what has been going on for some time. You have been precluded from having access to information, and then your opinion is cited for justification for what is going on.

That was wrong. You were deceived. We have been deceived and it is no justification to say when you come here the Intelligence Committee came to exactly the same conclusion.

Thank you, Mr. Chairman.

Chairman **Hamilton**. Mr. McCollum.

Mr. **McCollum**. Thank you, Mr. Chairman.

Mr. Sciaroni, I think there are a couple of things I have learned from your testimony I think need to be at least put into some perspective today.

One of them, it seems to me, is very clear. We ought to be thankful somebody down there in your shop at least had the gumption to raise this issue and look at it and offer an opinion, because nobody else did. There were other attorneys, I think, that probably were down in the White House or around in the area, but you were the only one who offered an opinion, if I am correct. Am I correct?

Mr. **Sciaroni**. Frankly, sir, that thought has crossed my mind, as well. You have a White House counsel's office, you have an NSC general counsel, and if they were too busy they had a Department of Justice to get an opinion from. I don't know why my opinion was the only opinion.

Mr. **McCollum**. It doesn't make sense to me, but I am thankful at least you gave an opinion. There was one down there somewhere. I wish there were others.

Secondly, we have heard a lot about the question of policies involved, and obviously the issue of the legality and why people were motivated to do this, that and the other is intricately involved in the policy decision to use the NSC or for Colonel North to do some of the things he did, whether he thought about the law or not.

I think most of us listening to the testimony over the last few weeks have to conclude—whether we are Republicans, Democrats, or whatever our persuasion—the idea of doing all this in secret wasn't such a hot idea. You said that pretty much today yourself, but that is not a legal question.

The strange part is that in making the decision, yours was the only opinion floating around and there wasn't apparently a whole lot of reliance on a legal basis to make the decision to proceed in secret or public.

My personal thoughts are that there wasn't anything—having listened to you—likely that would have been legally wrong with the President going out, using the NSC to raise money, do it publicly, not do it secretly, and the real problem we have got today with all of this, and why we are having so stretched-out a hearing on this portion of the Iran-Contra affair, is simply because nobody really did look at this thing legally, and they proceeded to do things secretly and they proceeded to fool Congress occasionally after the fact, or at least mislead, as some of my colleagues have paraphrased. That is the tragedy in this whole affair. I think that is unfortunate.

I would like to point one thing out, in listening to what you have said today. You have just testified a couple minutes ago to my colleague, Mr. Courter, that you believe reasonable men could differ as to their interpretation of the Boland amendment, and its applicability to the National Security Council, for example. And I think you have also testified earlier that while you didn't address the constitutional question, that there certainly is a question of—even if it were to apply to the NSC or be interpreted to apply, there is a question of constitutional application, whether it is valid to tie a President's appointed staff in this fashion. Is that not correct?

Mr. SCIARONI. That is correct.

Mr. McCOLLUM. But in constitutional interpretation, in your experience, I am sure—I am an attorney, it seems to me I recall this—the Supreme Court generally, and other courts, look to trying to resolving ambiguities first, and if something is too ambiguous, they rule it doesn't apply and never go to the constitutional question. Is that true?

Mr. SCIARONI. Yes.

Mr. McCOLLUM. I would like to read you one quote to you about something that seemed equally ambiguous as the Boland amendment.

Very long ago, Justice Douglas, in an opinion in the early '70s in the *United States* vs. *Huddleston,* which is 415 U.S. Supreme Court, 834, referred to Caligula's practice of printing the laws in small print and placing them so high on the wall that the ordinary man couldn't receive a fair warning of whatever was written there.

And what I thought was interesting about that, it might better be paraphrased in the writing of a historian on Caligula's practice when he said,"When taxes of this kind"—the kind Caligula had—"had been proclaimed but not published in writing, inasmuch as many offenses were committed through ignorance of the letter of the law, he at last, on the demand of the people, had the law posted up, but in a very narrow place and in excessively small letters, to prevent the making of a copy."

That is from *The Lives of Julius Caesar* by Suetonius, published in 1932. I think the point is well made. If we are going to publish laws in this Congress, we ought to write them very clearly, instead of such small print or posting in such a narrow way people can't understand or read them.

Don't you agree?

Mr. SCIARONI. Yes.

Mr. McCOLLUM. Thank you very much.

That is all I have to ask.

Chairman INOUYE. Senator McClure.

Mr. McCLURE. I want to follow up on an issue area raised earlier. I will do it so we won't be misled.

Senator Mitchell talked about whether or not it was supposed to go to the Department of Agriculture and Senator Rudman had indicated again and followed up on that point. I think Senator Cohen said something about the fact Senator Rudman was not very precise and not very positive in his statement. He certainly was more positive than he was precise, and I say that with great respect to my colleague, because there's one thing that has been overlooked, and that is, whether or not the Boland amendment applies to the NSC or applies to the Department of Agriculture is not the whole point as to whether or not it's legal.

You could determine, indeed, the Boland amendment did not apply, but that doesn't necessarily mean it is legal for them to do it. I suspect nobody thought to make it illegal with USDA because no one ever thought of USDA being involved in covert activities.

I think, to a degree, nobody thought of the NSC being involved in covert activities either, because it hadn't been done before. I think we ought to be careful when we talk about whether the Boland amendment reaches it and we conclude that it does not, that that automatically means it is legal for them to undertake the operation.

I take it your opinion was not directed toward the question of whether or not NSC could legally involve itself in covert operations; it was whether or not the Boland amendment applied to it.

Mr. **Sciaroni**. I've attempted to make that point today, yes.

Mr. **McClure**. You said in your testimony earlier that you are a friend of Rob Owen's; is that correct?

Mr. **Sciaroni**. That's true.

Mr. **McClure**. How long have you known him?

Mr. **Sciaroni**. I met him first in late 1985.

Mr. **McClure**. After you had joined the government?

Mr. **Sciaroni**. Yes.

Mr. **McClure**. Is that a personal acquaintance?

Mr. **Sciaroni**. I was introduced to him because he was involved in a Nicaraguan humanitarian assistance program, and I met him perhaps once 6 months later, and then in the latter part of 1986, I got to know him quite well.

Mr. **McClure**. Is that a personal relationship?

Mr. **Sciaroni**. It is.

Mr. **McClure**. Is that such a close personal relationship that it would in any way color your professional judgment as concerning the legality of the operations of these intelligence activities?

Mr. **Sciaroni**. No, sir. I never knew—he never told me that he even knew Oliver North and he was very circumspect about his activities. I did not know what his relationship was until he testified in front of this body.

I knew him and valued his insights on the Nicaragua situation because I knew that he had been involved with the State Department program. I did not know about his activities with regard to Colonel North.

Mr. **McClure**. This isn't the time for the members of the committee to engage in debates among themselves but since others have expressed themselves, I will too.

I don't find any fault with your opinion. It may or may not be well reasoned. It may or may not have unanimous support. I think there is a respectful body of law that says indeed you were correct. I suppose that's why lawyers argue and why the American public recognizes that we get so little done, because there's so many lawyers.

Thank you very much, Mr. Chairman.

Chairman **Hamilton**. Mr. Boland.

Mr. **Boland**. Mr. Chairman, I found Mr. Sciaroni's testimony to be very useful, and I think very instructive. It has provided an enlightening description of the methods by which the legal issues surrounding the Boland amendment were analyzed by the White House.

Mr. Sciaroni's opinion introduced by the testimony here today—the product of a 5 minute interview with Oliver North and an unknown amount of time spent in legal research, not sought by anyone, hindered rather than aided by the White House officials whom the author interviewed, obviously dismissed by the President's National Security Adviser to whom it was delivered—that opinion stood until today in the back waters of this investigation. Some might dismiss it as cursory and not fear being labeled as less than charitable. Others, however, have seized upon it as dispositive of every Boland amendment legal issue from coverage to constitutionality.

Whether you agree with it or not, the Sciaroni opinion is apparently the only legal analysis done in the White House on the statutory restrictions on provisions of assistance to the Contras. Think about that, and consider what it tells us about the value the White House placed on adhering to the laws which have so occupied our attention over the last 5 weeks.

Thank you, Mr. Chairman.

Chairman INOUYE. Senator Sarbanes.

Mr. SARBANES. Thank you, Mr. Chairman.

Mr. Sciaroni, how long have you been the counsel to the Intelligence Oversight Board?

Mr. SCIARONI. Three years.

Mr. SARBANES. How old are you?

Mr. SCIARONI. Thirty-five.

Mr. SARBANES. What's that position pay? What's the salary of the counsel to the Oversight Board?

Mr. SCIARONI. I believe it is about $62,000.

Mr. SARBANES. Now, I am interested in how you came to get this job. As I understand it, you finished law school in 1978 or 1979; which was it?

Mr. SCIARONI. It was 1978. It was the end of the first semester of law school.

Mr. SARBANES. Then you took the California Bar. When was that?

Mr. SCIARONI. Right.

Mr. SARBANES. When was that?

Mr. SCIARONI. Sometime thereafter. I don't recall.

Mr. SARBANES. Shortly after finishing law school?

Mr. SCIARONI. I believe I was a fellow—I went immediately to become a fellow at the Hoover Institution. I think that's when I took the Bar exam.

Mr. SARBANES. Did you take the California Bar again or just fail it that one time?

Mr. SCIARONI. I think I took it twice and failed both times.

Mr. SARBANES. And then after that——

Mr. SCIARONI. I would point out I was working at the time.

Mr. SARBANES. I understand.

After that, what happened? You then came to Washington?

Mr. SCIARONI. To the American Enterprise Institute.

Mr. SARBANES. Uh-huh. And then you took the DC Bar?

Mr. SCIARONI. Right.

Mr. SARBANES. When was that?

Mr. SCIARONI. Again, it was in the early 1980s. I don't recall.

Mr. SARBANES. Did you take the DC Bar just once?

Mr. SCIARONI. I think I took it twice, as well.

Mr. SARBANES. You took the DC Bar twice, as well?

Mr. SCIARONI. I think so.

Mr. SARBANES. And failed it both times?

Mr. SCIARONI. Right. Again, I was working, while I was studying for the bar exam.

Mr. SARBANES. I see.

And then you were working then at the Department of Commerce; is that correct?

Mr. SCIARONI. Right.

Mr. SARBANES. And——

Mr. SCIARONI. After the Arms Control and Disarmament Agency.

Mr. SARBANES. And then an opportunity came up to go to become the counsel to the President's Intelligence Oversight Board; is that correct?

Mr. SCIARONI. Well, I had left the Commerce Department the previous fall, and I understood the position was opening up in the spring. I applied for it.

Mr. SARBANES. I see.

You were out of the government at that point?

Mr. SCIARONI. Right.

Mr. SARBANES. What were you doing?

Mr. SCIARONI. I was doing writing and reviewing job offers.

Mr. SARBANES. I see.

And then how did it come about that you knew about this and went to seek this job?

Mr. SCIARONI. Well, as I testified earlier, I knew the predecessor, my predecessor informally. He suggested he was leaving, and I submitted my application.

Mr. SARBANES. I see.

Now, was there a job description for counsel to the Intelligence Oversight Board?

Mr. SCIARONI. I don't believe there is a job description. I haven't seen it if there is one.

Mr. SARBANES. Are you required to be a member of the Bar?

Mr. SCIARONI. I believe you are, yes.

Mr. SARBANES. You were not a member of the Bar; is that right, at that point?

Mr. SCIARONI. That is true.

Mr. SARBANES. When were you hired to do this job?

Mr. SCIARONI. I was hired—you mean when did I start work?

Mr. SARBANES. Well, I was going to ask that next. When were you hired?

Mr. SCIARONI. Sometime in the spring I was notified that I would get the job pending passing the Bar.

Mr. SARBANES. And when did you take the Bar?

Mr. SCIARONI. July.

Mr. SARBANES. And when did you go to work?

Mr. SCIARONI. After I took the Bar.

Mr. SARBANES. How soon thereafter?

Mr. SCIARONI. The next day.

Mr. SARBANES. And when did you find out whether you were, in fact, a member of the Bar?

Mr. SCIARONI. That fall.

Mr. SARBANES. So, in other words, you were told that you had to be a member of the Bar to take the job, but you actually took it well ahead of knowing whether you had passed the Bar?

Mr. SCIARONI. It was a condition of employment.

Mr. SARBANES. I understand that. But your employment had started before the condition had been met; is that right? Was the condition merely that you take the Bar or that you pass the Bar?

Mr. SCIARONI. The condition was that I become a member of the Bar.

Mr. SARBANES. And you went to work ahead of that happening; is that correct?

Mr. SCIARONI. That was the understanding. I could have actually assumed the position before I took the Bar, but I didn't—having had the previous experience of working and studying for the Bar, I figured that I should take all the time necessary to study for the Bar.

Mr. SARBANES. If you would turn to exhibit 18, that is a memorandum, I take it, you prepared on the legal basis for covert action; is that right?

Mr. SCIARONI. That is right.

Mr. SARBANES. And it is covered by a memo from you to Ollie North which reads, "Ollie: Could you take a look at this draft and give me your comments: At your leisure, of course. Thanks." Signed with your name.

Was it your custom to submit your draft legal opinions of the people over whom you were supposedly exercising oversight for their review?

Mr. SCIARONI. First of all, I was not exercising oversight over Colonel North. He is a member of the NSC staff, and we don't have responsibility over the NSC staff.

Second of all, depending upon the memo, I might send draft copies to any number of individuals in the U.S. Government to ask for their commentary. So, it would depend upon memo to memo whether I gave a particular memo to an individual who I thought might be able to contribute some criticism.

Mr. SARBANES. Was North a member of the Bar?

Mr. SCIARONI. No, sir.

Mr. SARBANES. Why were you submitting a memo on the legal basis for covert action to North for his comments?

Mr. SCIARONI. Because I assumed he knew something about covert action.

Mr. SARBANES. You earlier indicated that you don't know why you were the only one who was being asked to give opinions, I think, when——

Mr. SCIARONI. I was never asked—the Board was never asked to give an opinion. I did question why ours was the only one ever drafted.

Mr. SARBANES. Did it ever occur to you that you were providing cover by your legal opinions?

Mr. SCIARONI. No, sir.

Mr. SARBANES. I see my time is up.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. DeWine.

Mr. DEWINE. Thank you very much, Mr. Chairman.

Mr. Sciaroni, thank you for your testimony and being patient with all of us today.

I think that it is obvious to you, and I am sure everyone else, that this committee has used the opportunity—I think appropriately so—the opportunity of your testimony to again debate the Boland amendment, or at least talk about the legality of it, and I think again as we listen to each member express his opinion about the Boland amendment, we get into a little policy, we get into a little statutory construction and we also get into the constitutionality of it.

What is brought home, at least in this Member's mind, is how murky it is and how unclear the Boland amendment is, and the fact that we have many Members who have very divergent points of view.

I have taken a look at your memo. I am sure the other Members have. I think it is a well-reasoned memo. I can see where people might disagree with it. They might agree with it. But we are into a very, very vague and very, very murky area. I think it is clear that this committee isn't going to resolve it today. That is not our job.

I think it is also clear that in an appropriate time a court is going to have to decide the constitutionality of the Boland amendment. It is going to have to decide the statutory construction of that Boland amendment, specifically whether or not the Boland amendment applies at all to the NSC or anyone else.

I think that we can break the analysis of the Boland amendment down into three parts. We are really into a three-part analysis. One is the statutory construction—does it, in fact, apply to the NSC?

It seems to me that an argument can be made that applying it to the NSC and the members of the NSC flies in the face of a 40-year history of Congress not restricting the NSC, not dealing with the NSC.

It seems to me if you are going to fly in the face of that history, Congress should have specifically mentioned the NSC in the statute. Congress did not do that. Furthermore, Congress did not even say—prohibit the U.S. Government from doing something. Congress was much more specific.

I suspect that the reason Congress didn't do either one of those was because it wouldn't have passed. This was a product of a legislative compromise that ultimately had to be signed by the President of the United States, and I suspect if one or two had been used, if they had prohibited the action by the U.S. Government, or if they specifically had named the NSC, the President of the United States would not have signed it, and I think the authors knew that, and I think the folks who voted for it on the floor knew that, and there was obviously legislative compromise. It was obviously intended, frankly, to be a vague bill.

I think the second analysis is in the area of the Constitution—is this constitutional? Is it constitutional and what—how far do you take it? Do you take it to the point—are the people who are criticizing your legal opinion. Do they take it clear to the point where they say that Congress has the right, through the purse strings, to control what the President of the United States does?

It seems to me that is a logical conclusion behind what they are saying. If you can control the people who directly work for the President and the NSC, whose sole function is to give the President of the United States advice to coordinate the foreign policy, who are not confirmed by the Senate, who exist really at the will of the President to serve him—and that has been the 40-year history of it—if you can control them by the purse strings, it is obvious that they think that you can control the President of the United States.

I think that then brings home the absurdity of the argument, that you could—this Congress could, through an appropriation bill, some way stop the President from picking up the phone and calling someone and saying it might be a good idea to help support the Contras. I am not saying he did or didn't do that, but it seems to me that is the logical extension of that.

The further logical extension could be the Congress could prohibit the President from talking to a foreign leader about a certain specified area. I think when we take that out—and I can give ten more examples, but my time is almost up—when we take it to its logical conclusion, we see how absurd that would be. But that is—that debate is for another day.

I appreciate the fact that you have been here. My time is up.

Thank you, Mr. Chairman.

Chairman INOUYE. Senator Hatch.

Mr. HATCH. Thank you, Mr. Chairman.

Mr. Sciaroni, there is an old maxim in the law that hard cases make bad law.

With respect to the Boland amendment, I think the reverse may be true here. Bad laws make hard cases, including the ones that we are investigating here. I say "bad" not because I disagree with those laws, but because I feel that those laws were very unclear. As a matter of fact, they may very well have been unconstitutional, as well.

I take it, Mr. Sciaroni, the basis for your legal analysis consisted primarily of the language of the Boland amendment itself and the surrounding legislative history; is that correct?

Mr. SCIARONI. That is correct.

Mr. HATCH. That is correct? We have heard your explanation of your legal opinion so I won't go through it again. As I review your analysis, you opinion makes sense regardless of some of the criticisms that may have arisen. I might add that if we in Congress had wanted to include the National Security Council, we should have said so and we would have said so. Now in doing your legal analysis, I take it, you got acquainted with the history of Congress decisions regarding the Contras, including all of the Boland amendments; is that correct?

Mr. SCIARONI. Somewhat, yes.

Mr. HATCH. You became aware that in 1982, we gave aid; then in 1983, we cut off aid; is that right?

Mr. SCIARONI. That is right.

Mr. HATCH. That was the first Boland amendment. That was itself an interpretation battleground because the amendment prohibited funds for the purpose of overthrowing the Sandinistas and the CIA thought that it could still provide support for the Contras because it saw its role as not to overthrow the Sandinistas but to stop them from exporting their revolution, is that correct?

Mr. SCIARONI. That is correct.

Mr. HATCH. So there was that conflict right there that naturally arose, right?

Mr. SCIARONI. Right.

Mr. HATCH. OK. Then in 1984, we gave them aid again. Congress turns right around and gives them aid, some $24 million. Then for fiscal year 1985, we passed the Boland amendment that you were studying at the time; is that right?

Mr. SCIARONI. Right.

Mr. HATCH. OK. And to further confuse the issue, later that same year, in 1985, we actually appropriated another $27 million for the Contras; is that right?

Mr. SCIARONI. That is right.

Mr. HATCH. Then in 1986, we cut off the funds again, this is Congress doing all these things. We passed yet another version of Boland, which this time allows for information sharing between the CIA and the Contras; is that correct?

Mr. SCIARONI. That is correct.

Mr. HATCH. That one got us into another interpretation battle because nobody could agree on what "information sharing" meant?

Mr. SCIARONI. Right.

Mr. HATCH. Even the House and Senate Intelligence Committee Chairmen disagreed on what it meant, is that correct?

Mr. SCIARONI. That is correct.

Mr. HATCH. That was in response to the CIA Director himself at that time; is that right?

Mr. SCIARONI. That is my understanding.

Mr. HATCH. During this same period, say fiscal year 1982 to 1987, when we in Congress were passing these series of Boland amendments, when we were for aid 1 year and against it the next, what was the President doing? What was his position regarding Nicaragua?

Mr. SCIARONI. Excuse me?

Mr. HATCH. What was the President doing? We were going back and forth and up and down and all around. What was the President's position? Did it ever change?

Mr. SCIARONI. He had a consistent policy.

Mr. HATCH. So he stayed consistent? His policy was we can't allow this to exist, we have to do everything we can to stop it, et cetera?

Mr. SCIARONI. That is right.

Mr. HATCH. Your legal analysis you made did not look at the constitutional question; is that correct?

Mr. SCIARONI. No, it did not.

Mr. HATCH. Article II of the Constitution gives the President the authority to conduct foreign affairs; am I correct there?

Mr. SCIARONI. That is correct.

Mr. HATCH. Article I gives Congress the authority over appropriations; is that right?

Mr. SCIARONI. Right.

Mr. HATCH. Congress controls the purse strings; is that correct?

Mr. SCIARONI. That is correct.

Mr. HATCH. Now, does the President have any constitutional authority over Congress' appropriation power?

Mr. SCIARONI. Does he have any constitutional——

Mr. HATCH. Authority to deal with Congress' appropriation power?

Mr. SCIARONI. He can veto it.

Mr. HATCH. He can veto any particular bill?

Mr. SCIARONI. Certainly.

Mr. HATCH. Of course if the President vetos the bill the Congress then by having a two-thirds vote can override the veto?

Mr. SCIARONI. Right.

Mr. HATCH. In a similar sense Congress also has a form of veto power over the President's foreign relations activities or foreign policy activities in that Congress may refuse to appropriate funds; is that correct?

Mr. SCIARONI. That is right.

Mr. HATCH. So we have a back and forth constitutional leverage here that exists between the President and Congress.

But Congress may not completely take away the President's resources to carry out his constitutional authority over foreign affairs any more than the President may completely take away Congress' authority to appropriate funds or withhold the appropriation of funds; is that correct?

Mr. SCIARONI. I would agree with you.

Mr. HATCH. So that is the constitutional stand-off. In other words, Mr. Sciaroni, aside from what appears to me to be the obvious benefits of allowing foreign policy to be conducted by the Executive or the President alone without any undue interference by Congress, there also comes a point where Congress may not under the guise of its appropriations authority take away the President's constitutional authority to conduct foreign policy; is that correct?

Mr. SCIARONI. Correct.

Mr. HATCH. And here we have a mish-mash of roles and cases where that may have been the case.

Mr. Chairman, I am just about through. One more question. To the extent that the Boland amendments are now—after the fact—being interpreted as applying to the President and to the NSC, the National Security Council, to prohibit the President from doing anything including talking to private citizens or foreign government officials about support for the Contras, to that extent, the Boland amendments would be a serious constitutional—would be in serious constitutional trouble, wouldn't you agree?

Mr. SCIARONI. I would agree. That's overreaching.

Mr. HATCH. I would, too.

Finally, I would love to discuss this further with you, but to make a long story short, I think we have covered a lot of areas here that are very important and that is Congress has been sending inconsistent messages while the President remains consistent.

Congress has in this process never applied these to the NSC or the President. Now, after the fact it is trying to do so. And Congress has a right to withhold appropriations or to grant appropriations in a certain way, but not the right to micromanage foreign policy and that, frankly, has been the problem here.

I want to thank you for being with us.

Chairman INOUYE. Senator Heflin.

Mr. HEFLIN. Mr. Sciaroni, reviewing sort of the status of where we are, I gather that the proponents of the Boland amendment who say that this included the National Security Council, that their language, and supposedly supported by the debate on the floor, was that the words "any other agency or entity involved in intelligence activity" were so broad and so inclusive to have included any other agency or entity of the government that was connected with intelligence activity.

Now, as I understand from your legal opinion, you do not debate the broadness of the term "involved", but your legal opinion comes down to the fact that you say that the language "involved in intelligence activities" is a term of art that restricts that language and those entities and agencies to those that are listed in statutory language or the Executive order where they are included under the term "intelligence community".

In other words, it comes down not that the language involved is not broad enough, but to a term-of-art interpretation that you have given to it that, therefore, limits the sweep and what comes within the language.

Now, I don't see in your opinion, nor have you explained wherein your authority is, that this is a term of art. Now, as I understand it, a term of art is language that comes to have special meaning in a particular field or profession from usage.

Can you point to us where in the statutes, or in the Executive order, there is such usage and language that, therefore, limits the words "involved in"?

Mr. SCIARONI. Well, I would say this by way of explanation, that the legislation to which the Boland amendment was attached did define from my standpoint the universe of organizations that were involved in intelligence activities and I think that the Executive order which has been cited previously also does the same thing.

For example, it states that intelligence activities means all activities that agencies within the intelligence community are authorized to conduct pursuant to this order.

Mr. HEFLIN. Therefore, then I would interpret it if you were writing the Boland amendment that you would have to say that you would have to have language in substance that says that all agencies or entities within the intelligence community and all other agencies or—and entities involved in intelligence activities in order to be an inclusive and to take with them to be broad enough to get the National Security Council involved in it?

Mr. SCIARONI. That is one way that that could be done. "May become involved," I think, would be language. At that point I think the constitutional issue would then be joined.

Mr. HEFLIN. All right, sir. Is the Intelligence Oversight Board an agency or entity involved in intelligence activities?

Mr. SCIARONI. It is a—no, I would not say we are involved in intelligence activities. We are not an operational unit.

Mr. HEFLIN. Let me ask you this. Let me give you this as a hypothetical.

In the event that Congress were to pass a law that says that for each employee of any agency or entity involved in intelligence activities, that they shall be entitled to receive an extra $5,000 a year for their salaries, couldn't you make a pretty good case under that basis that the Intelligence Oversight Board and the National Security Council was an agency or entity involved in intelligence activities?

Mr. **Sciaroni**. I would be sorely tempted.

Chairman **Hamilton**. There being no further questions, Mr. Sciaroni, you are excused. We thank you very much for your testimony.

Mr. **Sciaroni**. Thank you very much.

Chairman **Hamilton**. The committees will have a 10 minute recess before the next witness.

[Recess.]

Chairman **Hamilton**. The next witness will be Ms. Fawn Hall. Would you raise and raise your right hand in order to take the oath?

[Witness sworn.]

TESTIMONY OF FAWN HALL

Chairman **Hamilton**. Ms. Hall, would you please bring the microphone right close to you so we can hear you. That's a voice-activated microphone. It has to be very close.

After you declined to answer any questions of the staff on the grounds your answer might tend to incriminate you, both the House and Senate committees procured orders of use immunity compelling you to testify. These orders provide in substance that you may not refuse to provide evidence on the basis of your privilege against self-incrimination. The orders provide that evidence obtained from you under the order may not be used against you in any criminal proceeding.

A copy of the orders have been provided to your counsel, and pursuant to the order, I direct you to answer the questions put to you.

And I yield to the chairman of the Senate Select Committee.

Chairman **Inouye**. I wish to have the record show I concur with the chairman's order.

Mr. **Cacheris**. Ms. Hall is prepared to accept the directions.

Chairman **Hamilton**. I understand that you have an opening statement. Am I correct?

Ms. **Hall**. Yes, sir.

Chairman **Hamilton**. You may proceed.

Ms. **Hall**. I would like to begin with my name. My name is Fawn Hall and I reside with my parents in Northern Virginia, where I was born and raised. I attended Annandale High School and graduated in 1977.

I started working at the age of 15, and at 16, while still in high school, began my career in government working for the Department of the Navy. During this period, I also held various part-time jobs, including modeling. I worked for the Navy from 1977 until February, 1983.

In February, 1983, I was detailed by the Department of Defense to the National Security Council, and accepted a position as secretary to then-Major Oliver North, USMC. I was Lt. Col. North's personal secretary until he left the National Security Council on November 25, 1986.

For the nearly 4 years that I worked for Lt. Col. North, my hours were long and arduous, but I found my job to be most fulfilling. During my tenure at the National Security Council, I came to have enormous admiration and respect for not only Lt. Col. North but for many with whom we worked. I admired them not only for their hard work and professional abilities, but also for their selfless and deep sense of dedication and loyalty to the President and our country.

As a secretary, it was my job to facilitate the smooth operation of the office. I was a dedicated and loyal secretary, and performed my duties in an exemplary manner. I can type.

During November, 1986, events occurred at the National Security Council which have resulted in my being here today. Although I did not know many of the details relevant to the Iran and Contra initiatives, I strongly believed then, as I do now, that the efforts made to support the Contras, obtain the release of our American citizens being held hostage, and respond to moderates in a country as strategically important as Iran were carried out with only the best of intentions and in the interest of this country, the United States.

Lt. Col. North had a large portfolio on the NSC staff. He worked tirelessly to carry out the administration's policies with regard to Central America and international counterterrorism. Much of his work is widely recognized: the streamlining of crisis management, the President's National Bipartisan Commission on Central America, the liberation of Grenada, the administration's actions in eliminating death squad activities in El Salvador, the United States response in Libya to Colonel Qadhafi's actions against U.S. citizens and interests, the actions to end the numerous terrorist attacks on innocent persons—such as TWA-847 and Achille Lauro incidents—and the daily efforts to obtain the release of our American citizens held hostage in Beirut. These are major issues of which he was a central and effective player, but they do not include his day-to-day responsibilities of dealing with other interagency issues or public inquiries.

I admire Lt. Col. North for his professional integrity and beliefs, his personal commitment to this country, and his ability to be a friend when one is needed.

I would like to take the time to reflect on—I was very touched one time. We were working in the office and working on a crisis, and a gentleman walked in the office and delivered us a copy of the National Bipartisan Commission report, and explained an American citizen, an electrician, had found it in a hotel and had seen the presidential seal and thought it to be a very important document he should get back to the White House, and it made its way up to the Situation Room to Colonel North because it had to do with Central America. Colonel North was very touched by the fact someone had taken the time to return what he thought was an important document and he was touched by it also, and said, "I think we should try to see if we can't get the President to write this man a letter and thank him." I think that reflects a little bit on Colonel North's sensitivity. I think it's important.

I believe Lt. Col. North has been and continues to be completely loyal to the President and the United States. I would also like, at this time, to recognize his wife, Betsy, and their four children for their commitment and sacrifices.

I have cooperated fully with the Independent Counsel's Office and with members of this staff and this committee. In particular, I have been treated with great courtesy and respect by Chief Counsel Liman, Executive Assistant Mark Belnick, Chief Counsel John Nields, and Deputy Counsel Richard Leon of the House.

I appear here to testify and cooperate fully with you as to my personal knowledge of the events into which this committee is inquiring. My testimony will be based solely upon my perspective as a secretary, not that of a policy maker or policy analyst.

I would prefer to have remained a relatively obscure but responsible secretary at the National Security Council, doing—as a friend of mine paraphrased Franklin Roosevelt—the best I know how at the moment, for what is right. That option now having been foreclosed, I am prepared to answer your questions to the best of my ability.

[The prepared statement of Fawn Hall appears in appendix C.]

Chairman HAMILTON. Thank you, Ms. Hall.

The questions will begin with Mr. Belnick.

Mr. BELNICK. Thank you, Mr. Chairman.

Ms. Hall, I take it you spent your entire adult career working for various government departments?

Ms. HALL. Correct.

Mr. BELNICK. From June 1976, to October 1977, you were a clerk, steno secretary, assigned to the Chief of Naval Operations of the Department of the Navy?

Ms. HALL. Right.

Mr. BELNICK. Thereafter, from October 1977, until February 1983, you were assigned as an administrative support assistant to the Chief of Naval Operations?

Ms. HALL. Correct.

Mr. BELNICK. Starting in February 1983, as you said in your opening statement, until November 25, 1986, you were a secretary to Lt. Col. North?

Ms. HALL. That is correct.

Mr. BELNICK. From November 25, 1986, until January 9, 1987, you served as a secretary to Ambassador Oakley?

Ms. HALL. That is right.

Mr. BELNICK. And from that time until the present, you have been employed at the Department of Defense as a secretary?

Ms. HALL. That is correct.

Mr. BELNICK. Ms. Hall, would you describe what your general duties were for Lt. Col. North during the period that you served as his personal secretary?

Ms. HALL. I carried out the normal responsibilities of a secretary. I answered phones, took messages, relayed messages, typed, filed, kept a calendar, took care of his travel, etc.

Mr. BELNICK. Was it your practice at any time to sit in on meetings that Colonel North had?

Ms. HALL. No.

Mr. BELNICK. To listen in on telephone conversations?

Ms. Hall. No.

Mr. Belnick. Was it Colonel North's practice from time to time to discuss his activities at the office with you?

Ms. Hall. No.

Mr. Belnick. Now, you say you kept Colonel North's calendar. Was that a fairly accurate record of Colonel North's meetings on a daily basis?

Ms. Hall. I believe so.

Mr. Belnick. Would you turn in your book to exhibit AH-9 and tell us whether you recognize that exhibit as consisting of certain pages from the calendar you kept for Colonel North?

Ms. Hall. Yes, sir.

Mr. Belnick. All right.

Now, did you also keep a log of Colonel North's incoming telephone calls?

Ms. Hall. Yes, I did.

Mr. Belnick. And that, too, was a fairly accurate record of those calls?

Ms. Hall. I wouldn't call it an accurate record. It was a log. It was—I didn't keep all incoming calls. If he was there to receive a call, it would not go on the log. That was to keep track of messages on calls he needed to return. It was not in an accurate record of outgoing calls or incoming calls. No.

Mr. Belnick. You kept a record of those calls that needed to be returned when messages were left.

Ms. Hall. Correct.

Mr. Belnick. Do you know where those logs are today?

Ms. Hall. They were shredded.

Mr. Belnick. In November of 1986.

Ms. Hall. Yes.

Mr. Belnick. We'll get to that later. Will you describe what your working hours were like, Ms. Hall, during the 4 years that you served Colonel North?

Ms. Hall. We worked very long hours. I usually put in at least a 12-hour day.

Mr. Belnick. Usually starting when?

Ms. Hall. It varied. Sometimes I would start at 8. A lot of times I started at 10 and we worked until 9 or 10 at night. Sometimes later, sometimes earlier.

Mr. Belnick. You rarely left the offices before 7 or 8 in the evening?

Ms. Hall. Almost never.

Mr. Belnick. Was it Colonel North's practice to dictate memoranda of his meetings?

Ms. Hall. No, it wasn't.

Mr. Belnick. Would he at certain times dictate minutes of meetings he attended?

Ms. Hall. He would dictate minutes as requested by the National Security Council at which the President was present.

Mr. Belnick. As I understand, on these occasions he dictated memoranda to you, you usually typed them directly into your word processor.

Ms. Hall. Correct.

Mr. **Belnick**. Do you recall the general matters Colonel North was working on when you became his secretary in 1983 and as it progressed over the years?

Ms. **Hall**. I believe when I first began working for him he was working on development of a crisis management center and he was working military exercises and Central America and then when the terrorist incidents became more frequent, he picked up that as part of his duties.

Mr. **Belnick**. And in the course of time, as we will discuss further, you become at least familiar with his work on what is now known as the Iran initiative?

Ms. **Hall**. Correct.

Mr. **Belnick**. And you also become familiar with his work in support of the Nicaraguan Freedom Fighters?

Ms. **Hall**. Correct.

Mr. **Belnick**. Now Ms. Hall, I would like to turn with you to a description of Colonel North's offices. My understanding is that when you first came to work for Colonel North in February of 1983, he was in Room 392 of the Old Executive Office Building.

Ms. **Hall**. That is correct.

Mr. **Belnick**. And that was a one floor office?

Ms. **Hall**. Yes.

Mr. **Belnick**. Colonel North had a private office there?

Ms. **Hall**. Yes.

Mr. **Belnick**. And you worked outside that office?

Ms. **Hall**. Correct.

Mr. **Belnick**. All right. Now, sometime in early 1986, Lt. Col. Robert Earl and Commander Craig Coy began to work with Colonel North, is that correct?

Ms. **Hall**. Yes, it is.

Mr. **Belnick**. And they were assigned reporting to him as part of the unit that Colonel North headed up at the National Security Council?

Ms. **Hall**. Correct.

Mr. **Belnick**. There then came a time as I understand in May of 1986, when you moved offices.

Ms. **Hall**. Yes.

Mr. **Belnick**. And when was that move, Ms. Hall?

Ms. **Hall**. It was in May of 1986.

Mr. **Belnick**. Was it around the time that Lt. Col. North and Mr. McFarlane went to Tehran?

Ms. **Hall**. It was during that time, yes.

Mr. **Belnick**. And what suite did you move to?

Ms. **Hall**. Suite 302.

Mr. **Belnick**. Now, do you recall that during one of our interviews I asked you to prepare a sketch of suite 302, and you did that for us?

Ms. **Hall**. Yes.

Mr. **Belnick**. Would you look at FH exhibit 10 and confirm that that is a rendering of the sketch you prepared for us of suite 302?

Ms. **Hall**. Yes, it is.

Mr. **Belnick**. And we also have a blown-up version of that office on the side.

Now, suite 302 was a two floor office, correct?

Ms. **Hall**. Yes.

Mr. **Belnick**. Colonel North's office was downstairs?

Ms. **Hall**. Yes.

Mr. **Belnick**. And your desk was immediately outside his?

Ms. **Hall**. Yes.

Mr. **Belnick**. Next to you was a secretary named Barbara Brown?

Ms. **Hall**. Yes.

Mr. **Belnick**. She came to the NSC around June 1986?

Ms. **Hall**. I believe so, yes.

Mr. **Belnick**. And she was a secretary for Lt. Col. Earl and for Commander Coy?

Ms. **Hall**. Yes.

Mr. **Belnick**. All right. Upstairs in the second floor of suite 302, Commander Coy's office was on the left of the diagram, correct?

Ms. **Hall**. Yes.

Mr. **Belnick**. And Colonel Earl's office over on the right?

Ms. **Hall**. Yes.

Mr. **Belnick**. All right. Now, if you'll go back to the first floor of suite 302 and look directly opposite your desk, that's where the shredding machine was?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And there are two safes next to that. One of those safes, the one to the left which is highlighted in blue on our chart, was a five drawer safe, correct?

Ms. **Hall**. Correct.

Mr. **Belnick**. Where was that safe when you were in your previous office, room 392?

Ms. **Hall**. It was inside Colonel North's private office.

Mr. **Belnick**. Had you ever seen the safe open when it was in Colonel North's private office in room 392?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. What did the safe contain when you saw it open at that time prior to May 1986?

Ms. **Hall**. In the top drawer it contained miscellaneous files and projects. Perhaps someone might come in and talk to him and he might just—they might write a letter or something about an idea they had and file it away in a file, and military exercises.

The second, third and fourth drawer—I believe held files completely unrelated to Central America or Iran. The bottom drawer held three-ring large notebooks, which I believe were trip reports the security advisers had taken to the regions to visit the heads of state, et cetera.

Mr. **Belnick**. Did you have the combination to that safe?

Ms. **Hall**. At one time I did, yes.

Mr. **Belnick**. Did you ever have occasion to open it yourself?

Ms. **Hall**. Yes.

Mr. **Belnick**. That was to file papers when you were in the old office?

Ms. **Hall**. Yes.

Mr. **Belnick**. Did you ever see that office safe opened again after you moved to suite 302?

Ms. **Hall**. I don't believe so, sir.

Mr. **Belnick**. Not until November 1986?

Ms. **Hall.** Yes.

Mr. **Belnick.** Is that the safe from which Colonel North removed files to be shredded?

Ms. **Hall.** Yes.

Mr. **Belnick.** Did Colonel North make it a practice to take notes of his daily activities?

Ms. **Hall.** Yes, he did.

Mr. **Belnick.** And where did he make those notes?

Ms. **Hall.** He kept a thin spiral reporter's notebook.

Mr. **Belnick.** He carried that with him?

Ms. **Hall.** Yes, he did.

Mr. **Belnick.** He marked down items to be completed, meetings and so forth?

Ms. **Hall.** Yes.

Mr. **Belnick.** I understand that Colonel Earl maintained a similar notebook?

Ms. **Hall.** Yes, he did.

Mr. **Belnick.** Do you know where Colonel North's notebooks are now?

Ms. **Hall.** I don't, sir.

Mr. **Belnick.** Have you seen any of those notebooks subsequent to Colonel North's dismissal from the NSC on November 25, 1986?

Ms. **Hall.** Yes, I have, sir.

Mr. **Belnick.** Where did you see them?

Ms. **Hall.** On occasion I visited Brendan Sullivan's office, that is his lawyer, to drop off telephone messages from friends and acquaintances and fan mail, and in the office I noticed there were a stack of them in the corner. There was a stack of notebooks. I don't know that they were his, but they were reporter's notebooks, similar.

Mr. **Belnick.** They appeared to you to resemble those in which he had made notes?

Ms. **Hall.** Yes.

Mr. **Belnick.** But you didn't go over and look at the notebooks, so you couldn't say for sure whether those are the same notebooks that Colonel North maintained?

Ms. **Hall.** Correct.

Mr. **Belnick.** Do you remember how many you estimated that you saw in the stack in Mr. Sullivan's officer?

Ms. **Hall.** Maybe 10.

Mr. **Belnick.** You identified Mr. Sullivan as Mr. North's current attorney.

Ms. **Hall.** Yes, I do.

Mr. **Belnick.** Now, Ms. Hall, did there come a time when you were in the old office, prior to May 1986, that certain secure communication devices referred to as KL–43s were delivered to Colonel North's office?

Ms. **Hall.** Yes.

Mr. **Belnick.** And who delivered those devices?

Ms. **Hall.** I believe they came from John Woven-Smith of the National Security Agency.

Mr. **Belnick.** And do you recall how many such KL–43s Mr. Woven-Smith delivered initially?

Ms. **Hall.** A couple, I believe.

Mr. **Belnick**. Did anyone instruct you on how to use the machine?

Ms. **Hall**. I believe Colonel North did.

Mr. **Belnick**. What did he tell you about how to use it and what the purpose of the KL–43 was?

Ms. **Hall**. He instructed me how manually to use it and I understood it to be a secure communications, acting much like a secure phone.

Mr. **Belnick**. And over the course of time you became familiar with the fact General Secord had such a device in his office?

Ms. **Hall**. Yes.

Mr. **Belnick**. And that it was used by General Secord and also by Robert Dutton?

Ms. **Hall**. Yes.

Mr. **Belnick**. Now, the device came with a printer?

Ms. **Hall**. It did, yes.

Mr. **Belnick**. But it was ordinarily your practice, as I understand, to transcribe the messages that came over the machine, type them and give them to Colonel North that way?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And those papers were frequently referred to as KL–43 traffic; is that correct?

Ms. **Hall**. Yes.

Mr. **Belnick**. You were familiar with General Secord's administrative assistant?

Ms. **Hall**. Yes.

Mr. **Belnick**. Her name was?

Ms. **Hall**. Shirley Napier.

Mr. **Belnick**. And from time to time did you have occasion to deliver tapes to the KL–43 machines to Ms. Napier?

Ms. **Hall**. Yes, I did.

Mr. **Belnick**. Would you describe first for the committees what these tapes were?

Ms. **Hall**. It was a small case that had perforated code tapes on it that you ripped off one for each day and plugged into the machine and destroyed at the end of the day.

Mr. **Belnick**. And these were coded tapes, correct?

Ms. **Hall**. Correct.

Mr. **Belnick**. Supplied to you by or through Mr. Woven-Smith?

Ms. **Hall**. Yes.

Mr. **Belnick**. They changed periodically?

Ms. **Hall**. Yes.

Mr. **Belnick**. So it became necessary for you to make sure General Secord had the updated tapes and you did that by delivering the tapes to Ms. Napier?

Ms. **Hall**. Correct.

Mr. **Belnick**. She would pick them up at the Old Executive Office Building?

Ms. **Hall**. Yes. I would meet her out on 17th Street outside the Old Executive Office Building.

Mr. **Belnick**. In the course of working with the KL–43 traffic and otherwise in the office booking Colonel North's travel arrangements, did you become aware of certain of the names that Colonel North used?

Ms. **Hall**. Yes, I did.

Mr. **Belnick**. What was the name he ordinarily used when he traveled?

Ms. **Hall**. William P. Goode.

Mr. **Belnick**. And on the KL-43 messages, did Colonel North refer to himself and was he referred to frequently by yet another code name?

Ms. **Hall**. He—I think he used as Goode in the KL-43.

Mr. **Belnick**. Were there other documents relating to his work with the Contras in which Colonel North used a different code name?

Ms. **Hall**. He at one time used the name Mr. Steelhammer.

Mr. **Belnick**. You recognized that as a name for Col. North. And there were other pseudonyms used by Mr. Calero. Do you recall them? Do you recall Mr. Calero was referred to from time to time as Barnaby?

Ms. **Hall**. He was referred to as Barnaby, A.C., or Sparkplug.

Mr. **Belnick**. In the course of your work, you came to know Spitz Channell?

Ms. **Hall**. Yes.

Mr. **Belnick**. Did he have a name for Colonel North as well?

Ms. **Hall**. I remember him referring to him as Mr. Green on a few occasions.

Mr. **Belnick**. I would like to talk with you now, Ms. Hall, about some of Colonel North's relationships with certain persons in and outside the Government. You knew that the late Director Casey had an office at the Old Executive Office Building during his term as Director of the Central Intelligence Agency, correct?

Ms. **Hall**. Yes.

Mr. **Belnick**. Was Director Casey a frequent caller to Colonel North?

Ms. **Hall**. I would say he was considering the fact that he was a cabinet member.

Mr. **Belnick**. And that Colonel North was a member of the NSC staff?

Ms. **Hall**. Yes.

Mr. **Belnick**. Did he visit Colonel North at times?

Ms. **Hall**. I believe he visited our old suite room 392 on two occasions.

Mr. **Belnick**. Colonel North went to meetings in Director Casey's office, correct?

Ms. **Hall**. Yes.

Mr. **Belnick**. They had, from your observation, a fairly close relationship, again, given their relative positions in the government.

Ms. **Hall**. Correct.

Mr. **Belnick**. And you heard Colonel North refer to the DCI from time to time as Bill?

Ms. **Hall**. Yes.

Mr. **Belnick**. You wouldn't compare that relationship in any way as the same as Colonel North's dealings with the Secretary of State or the Secretary of Defense?

Ms. **Hall**. No.

Mr. **Belnick**. What about Attorney General Meese? Did he call on Colonel North from time to time?

Ms. HALL. I believe—I don't know that he called frequently. I would say it was—maybe once or twice. I believe Colonel North visited Attorney General Meese on at least one occasion.

Mr. BELNICK. Prior to November 1986?

Ms. HALL. Yes.

Mr. BELNICK. All right. Did—were you aware of any telephone calls to Colonel North from the President prior to November 1986?

Ms. HALL. No.

Mr. BELNICK. Did Colonel North ever tell you that he had received any such calls from the President?

Ms. HALL. No.

Mr. BELNICK. Were you aware of any one-on-one meetings between Colonel North and the President of the United States prior to November 1986?

Ms. HALL. No.

Mr. BELNICK. And again, Colonel North never claimed to you that he had had such meetings; correct?

Ms. HALL. No.

Mr. BELNICK. Do you know whether Colonel North ever visited the residence of the White House?

Ms. HALL. I believe he did on one occasion.

Mr. BELNICK. Do you recall when that was?

Ms. HALL. No, I don't, sir.

Mr. BELNICK. How do you know that that occurred?

Ms. HALL. I remember that he came back and mentioned that he was—said something about having been over in the residence and I think Mrs. Reagan was also there.

Mr. BELNICK. Did he mention why he had been there or what had been discussed while he was there?

Ms. HALL. No, sir.

Mr. BELNICK. And that was again on only one occasion?

Ms. HALL. Yes, sir.

Mr. BELNICK. And I understand that the Vice President did not make any calls to Colonel North so far as you are aware?

Ms. HALL. I believe the Vice President called on one occasion. I remember that was in room 392.

Mr. BELNICK. When was that?

Ms. HALL. I would say—late 1985, probably.

Mr. BELNICK. Did Colonel North tell you what he and the Vice President discussed on that occasion?

Ms. HALL. No, sir.

Mr. BELNICK. Is that the only occasion of which you are aware that the Vice President telephoned Colonel North?

Ms. HALL. Yes.

Mr. BELNICK. How about any meetings between Colonel North and the Vice President—are you aware of any?

Ms. HALL. Yes, sir.

Mr. BELNICK. How many occasions?

Ms. HALL. I don't know exactly how many occasions. I would like to explain the Vice President worked very closely on the hostage situation and the families visited often and Colonel North handled that issue so he was involved in meetings with the Vice President on that subject.

Mr. BELNICK. Were these one-on-one meetings?

Ms. HALL. No, they were not, sir.

Mr. BELNICK. Are you aware of any meetings that were solely between the Vice President and Colonel North?

Ms. HALL. No, sir.

Mr. BELNICK. Michael Ledeen, how would you describe his relationship with Colonel North?

Ms. HALL. I would say they were friends and associates.

Mr. BELNICK. Did Michael Ledeen visit Colonel North's office frequently?

Ms. HALL. Yes, he did.

Mr. BELNICK. For what purpose so far as you observed?

Ms. HALL. I believe Michael Ledeen was a consultant to the NSC on terrorism. He came to the office to read daily DIA terrorism summaries and monthly summaries. He was there for a reading purpose.

Mr. BELNICK. And it was up to Colonel North to designate what things he could read while Mr. Ledeen was in the office?

Ms. HALL. Outside of the daily summaries and monthly summaries, yes.

Mr. BELNICK. Did you come to know Rich Miller and Spitz Channell while you were working for Colonel North?

Ms. HALL. Yes, I did.

Mr. BELNICK. What did you understand their role to be in relation to assistance for the Nicaraguan Freedom Fighters?

Ms. HALL. When I first met them, I understood they were trying to get word out to educate the American people, to get the word out about what the situation was in Central America through T.V. commercials, advertisements and public speeches by Colonel North.

Mr. BELNICK. In the course of your activities, did you become aware or come to form the impression that Mssrs. Miller and Channell were engaged in raising money for military assistance to the Contras?

Ms. HALL. I had on a few occasions received telephone calls from Spitz Channell and his other co-workers outlining what they would have liked Colonel North to say during meetings with their contributors.

Mr. BELNICK. And—go on.

Ms. HALL. And some of the conversations were about money for airstrips and helicopters, et cetera.

Mr. BELNICK. You took such messages from them and conveyed them to Colonel North?

Ms. HALL. Not all of them. I took messages. We were working at such a fast pace normally Colonel North was under a lot of pressure. A lot of the messages did not get relayed.

Mr. BELNICK. Did you ever become aware whether Colonel North himself was engaged in soliciting persons for financial aid to the Contras?

Ms. HALL. I didn't sit in on the meetings so I don't know if Colonel North solicited these contributors or not.

Mr. BELNICK. Did you ever become aware from any other source, recognizing you didn't sit in on the meetings, that Colonel North was soliciting contributors to aid the Nicaraguan resistance?

Ms. HALL. I would have to answer the question, no, sir, because I don't know that to be a fact.

Mr. BELNICK. Did you come to know a Jonathan Miller during your work for Colonel North?

Ms. HALL. Yes, I did.

Mr. BELNICK. Who was he?

Ms. HALL. When I first met him he was an assistant to Ambassador Reich, who is head of the Public Diplomacy Section for Latin America at the Department of State. Jonathan came to work with our office very closely during our efforts to win the vote for aid to the Contras.

Mr. BELNICK. Was he a frequent visitor to Colonel North's office?

Ms. HALL. Yes.

Mr. BELNICK. And you recognized he was working with Colonel North on Central America, Nicaraguan affairs?

Ms. HALL. Yes.

Mr. BELNICK. You mentioned legislation. Did you know if he was working on any other matters with or for Colonel North relating to Nicaragua?

Ms. HALL. I know that he knew Rich Miller, I believe he knew Spitz Channell, and he worked with them in their efforts also.

Mr. BELNICK. Did you come to know a gentleman named William Haskell while you worked for Colonel North?

Ms. HALL. Yes, I did.

Mr. BELNICK. Who was he?

Ms. HALL. I think Colonel North knew him as a friend, but I knew that he worked at H&R Block.

Mr. BELNICK. Would you describe what he looked like?

Ms. HALL. A rather thin man, blond hair, glasses.

Mr. BELNICK. Did he have one eye?

Ms. HALL. I believe so, yes.

Mr. BELNICK. Did you come to know him by another name, as well?

Ms. HALL. I never confirmed it, but my own instincts told me he was the gentleman that I had heard referred to as Olmstead.

Mr. BELNICK. Did you ever learn precisely which activities Mr. Haskell-Olmstead was working on with Colonel North?

Ms. HALL. No, sir.

Mr. BELNICK. All right. We mentioned before Shirley Napier, General Secord's administrative assistant, and you have testified to having delivered tapes to Miss Napier from time to time for the KL–43 machine.

Do you recall that, apart from those occasions when you delivered tapes to Miss Napier, that she made deliveries of various packages to you at the Old Executive Office Building?

Ms. HALL. I know that she delivered packages, yes.

Mr. BELNICK. Do you recall on how many occasions that happened?

Ms. HALL. I don't recall.

Mr. BELNICK. Do you know what those packages were?

Ms. HALL. No, I don't.

Mr. BELNICK. Well, Miss Napier has testified to the committees on deposition that she made between six and twelve deliveries to you during 1986, and that on those occasions, except for one in particular that we will discuss, she delivered plain envelopes that contained what to her felt like a papery substance. She didn't know what was inside.

Now, having described to you that testimony, does it refresh your recollection at all about specific deliveries that Miss Napier made to you at the OEOB?

Ms. **Hall**. I'm sorry. It doesn't, sir.

Mr. **Belnick**. You do recall, though, generally, that she made deliveries?

Ms. **Hall**. Yes.

Mr. **Belnick**. Now, Miss Napier testified that specifically on August 26, 1986, she delivered $16,000 in cash to you at the Old Executive Office Building, contained in a Federal Express envelope.

Do you recall an event such as that?

Ms. **Hall**. No, I don't, sir.

Mr. **Belnick**. Miss Napier testified further that when she delivered this package to you—and she said it was enclosed at the time—that when she delivered this package to you, you spoke to her and asked her—and I'll give you her testimony—whether you had gone to Miami to get the package, or words to that effect.

Now, in fact, Miss Napier testified that she had picked up the $16,000 in cash to be transmitted to Colonel North from an employee of Southern Air Transport in Miami. Again she testified that she brought it back, gave it to you enclosed in a Federal Express envelope at the OEOB downstairs and that, as she handed it to you, you said to her, in words or substance, "Did you go to Miami and get this or did you go down there today?"

Do you recall any conversation like that with Miss Napier?

Ms. **Hall**. Sir, I don't recall the situation, but I don't deny it. There are a lot of things that I don't remember. I think I would have remembered opening a package that contained $16,000.

Mr. **Belnick**. You don't recall questioning Miss Napier or whether she had gone to Florida to pick something up for Colonel North?

Ms. **Hall**. I don't remember that specifically, but I don't deny it.

Mr. **Belnick**. And Colonel North never told you to expect an important delivery, from Miss Napier or a delivery of cash from her?

Ms. **Hall**. I don't recall, sir. I can only offer an understanding that maybe he—I expressed to him that Shirley was coming over with a package and he said is it the one from Miami, and I took those remarks that he made and also repeated them to her.

That is the only explanation I can give. I just don't recall the situation.

Mr. **Belnick**. You don't have a recollection of it but, as you said, you are not denying Miss Napier's testimony?

Ms. **Hall**. Correct.

Mr. **Belnick**. I understand you told me there were lots of deliveries to Colonel North's office during the years that you worked there?

Ms. **Hall**. Yes, a lot. From all the different departments of the government.

Mr. **Belnick**. Miss Hall, did there come a time when you became aware of Colonel North's work on the Iran initiative?

Ms. **Hall**. Yes.

Mr. **Belnick**. When do you recall first learning of that program?

Ms. **Hall**. I believe it started with a visit by David Kimche.

Mr. **Belnick**. Which would be the summer of 1985?

Ms. **Hall**. Correct.

Mr. **Belnick**. Did Colonel North ever explain the program to you?

Ms. **Hall**. No, sir.

Mr. **Belnick**. But over the course of time you came to understand that, among other things, it involved the transfer of U.S. weapons to Iran, right?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. That it also involved, as one of the objectives, the release of American hostages that were then being held in Lebanon?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Were you ever told by Colonel North that the program also involved using proceeds from the Iran arms sales for the benefit of the Contras?

Ms. **Hall**. I don't recall that, sir, no.

Mr. **Belnick**. Do you ever recall Colonel North joking with you or joking in the office to the effect that he was stinging the Ayatollah in the Iran arms program or that it was ironic that the Ayatollah was paying to support the Contras' cause?

Ms. **Hall**. It is a little unclear to me, because I—I have a recollection of something like that, but I'm not quite clear if it happened during the office or at—it is something I thought of since this story has broken. I'm not clear on that. It sounds familiar but I'm not clear. I couldn't——

Mr. **Belnick**. You don't have a specific recollection?

Ms. **Hall**. No, I don't.

Mr. **Belnick**. Would you turn in your exhibit book, please, Miss Hall, to the exhibit marked FH-8?

This is a memo which is dated "Release of American hostages in Beirut," and as the members of the committee know, it was this memo, discovered by one of the Attorney General's representatives on November 22, 1986, which led to the announcement of the so-called diversion at the Attorney General's press conference on November 25.

I've shown you this memo before. Do you recall, Miss Hall?

Ms. **Hall**. Yes.

Mr. **Belnick**. Did you type it?

Ms. **Hall**. Yes, I did, sir.

Mr. **Belnick**. In the upper right-hand corner of this memo, which is otherwise undated, there is a handwritten notation, "April." Do you see that?

Ms. **Hall**. Yes, I do.

Mr. **Belnick**. Do you recognize that handwriting?

Ms. **Hall**. It is that of Colonel North.

Mr. **Belnick**. Colonel North.

Do you recall who prepared this document originally, that is, who gave you the memo to take?

Ms. **Hall**. I believe Colonel North dictated it to me.

Mr. **Belnick**. You recall North dictating it to you and you typing it from his dictation?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Did the memo go through more than one draft?

Ms. **Hall**. My recollection is that it did, sir.

Mr. **Belnick**. Is it your recollection also that one of the drafts was sent out of the office to Admiral Poindexter?

Ms. **Hall**. I believe that Admiral Poindexter made some changes to it, yes.

Mr. **Belnick**. And you typed those changes and prepared an additional draft?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Do you recall whether this memorandum was ever prepared and sent out in a final form?

Ms. **Hall**. I don't recall, sir.

Mr. **Belnick**. Do you know if anyone else saw this memorandum in draft or final other than you, of course, Colonel North, and Admiral Poindexter?

Ms. **Hall**. I don't recall. I don't know.

Mr. **Belnick**. You don't know.

If you look at exhibit 9, the next exhibit—excuse me, exhibit 8-A, which we have also reviewed before, during your interviews, you recognize that as another copy of the same memorandum without the handwritten "April," right?

Ms. **Hall**. Yes.

Mr. **Belnick**. And the other change we identified is that in the second full paragraph, where it reads, "On September 13," September 13, is typed in whereas on the prior version we just looked at, exhibit 8, 13 is written in by hand and 14 is crossed off?

Ms. **Hall**. Correct.

Mr. **Belnick**. You prepared—that is, typed—both versions?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. I take it that looking at this other version does not affect your recollection as to whether a final was prepared and sent out?

Ms. **Hall**. No, it doesn't. I just have to assume that it was typed for a reason, that it went somewhere. I don't know where it went.

Mr. **Belnick**. This memorandum, whether in form as exhibit 8 or 8A is in a form that is different than the usual memoranda you prepared for Colonel North at the NSC; am I right?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. I would like, just so that we can be clear, to review with you what the general form and filing procedures were for intelligence-related documents that you prepared at the NSC.

Now, typically from the documents we have seen, there was a cover sheet that was affixed to the memorandum; correct?

Ms. **Hall**. Yes.

Mr. **Belnick**. That cover sheet would contain the classification of the document, Top Secret, Secret, Code Word; correct?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. There would also be a routing slip that would tell who the different people were who were to receive copies of the documents; right?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And then we have seen on the memos themselves, in the upper right corner, and we will be seeing documents like that later in this examination, something that would say "System 4."

Ms. HALL. Yes, sir.

Mr. BELNICK. And under that typically a number?

Ms. HALL. Yes.

Mr. BELNICK. Now, would you describe—well, let's do it this way. The NSC record-keeping system involved three different systems; right?

Ms. HALL. Correct.

Mr. BELNICK. System 1, System 2, and System 3?

Ms. HALL. Yes.

Mr. BELNICK. There was no System 3?

Ms. HALL. Yes.

Mr. BELNICK. What were System 1 documents?

Ms. HALL. System 1 documents were routine, not sensitive documents.

Mr. BELNICK. Typically addressed administrative matters?

Ms. HALL. Correct.

Mr. BELNICK. What were System 2 documents?

Ms. HALL. System 2 were documents that were classified a little more sensitive and they included National Security decision directives, meetings with Presidential minutes, et cetera.

Mr. BELNICK. Minutes of National Security Council meetings and NSPG meetings; those would be System 2?

Ms. HALL. Yes.

Mr. BELNICK. Again, there was no System 3. Then we get to System 4, which is the system document that you would ordinarily be dealing with at Colonel North's office; right?

Ms. HALL. Well, we dealt with all three systems.

Mr. BELNICK. What was a System 4 document?

Ms. HALL. A System 4 document meant that the document involved a lot of sensitivity and intelligence matters.

Mr. BELNICK. Those were the most sensitive documents you dealt with at Colonel North's office; correct?

Ms. HALL. Correct.

Mr. BELNICK. Where were original System 4 documents filed?

Ms. HALL. After the action had been completed on the document, the original document was returned to the security officer handling System 4 and filed in his files.

Mr. BELNICK. Where was his office in relation to suite 302?

Ms. HALL. In relation to suite 302, it was right next door.

Mr. BELNICK. Who was the System 4 security officer at the NSC during your tenure until November of 1986?

Ms. HALL. Jim Radzimski and then Brian Merchant.

Mr. BELNICK. Jim Radzimski until November, 1986, and Brian Merchant took over in that month of November; right?

Ms. HALL. Yes, sir.

Mr. BELNICK. Mr. Radzimski and Mr. Merchant reported to Kenneth DeGraffenreid?

Ms. HALL. Yes, sir.

Mr. BELNICK. You knew him to be the head of the NSC's Intelligence Directorate?

Ms. HALL. Yes.

Mr. BELNICK. His assistant was named June Bartlett?

Ms. HALL. Correct.

Mr. BELNICK. System 4 documents contained assigned numbers?

Ms. Hall. Yes.

Mr. Belnick. How did you get those numbers when you prepared System 4 memoranda for Colonel North?

Ms. Hall. I would place a phone call to the Intelligence Directorate and ask for a System 4 number. They would rattle off a number. I would type that on the document.

Mr. Belnick. Again you would be requesting it from Radzimski's office?

Ms. Hall. Correct.

Mr. Belnick. If you decided not to do the document, or Colonel North decided not to do the document, what became of the number?

Ms. Hall. I would place a phone call back to the same directorate, Jim Radzimski, and tell him we no longer needed the number.

Mr. Belnick. The number was returned to the security office?

Ms. Hall. Yes, sir.

Mr. Belnick. You don't know if it was used on another document or not at that point?

Ms. Hall. No, I don't.

Mr. Belnick. Once you finished a System 4 document, how was it typically sent out, to the addressee who in the cases we deal with is typically the National Security Adviser?

Ms. Hall. The package was in a pile. I Xeroxed a copy for my chron and subject file, and the other person that had a need to know for the package.

I would take the original and either hand deliver it across the street to the West Wing where the National Security Adviser's Office was, or I would have Jim Radzimski do it if I was being rushed, if I was in a hurry, or perhaps I would envelope it and seal it and indicate that it was classified and sensitive, and indicate it was a System 4 document and put it in the NSC mailbox.

Mr. Belnick. So one would copy at least went to the system security officer at the Intelligence Directorate?

Ms. Hall. Yes, a copy went there.

Mr. Belnick. The original to the addressee?

Ms. Hall. Yes.

Mr. Belnick. If it were not a crisis-type document or a hurry-up delivery, was the document supposed to be routed through the Executive secretariat to the NSC, National Security Adviser?

Ms. Hall. Yes, sir.

Mr. Belnick. But, as you've testified, at times if there was a rush, some urgency attached to it, either you or someone else would hand carry it directly to the West wing to the National Security Adviser?

Ms. Hall. Correct.

Mr. Belnick. We've seen System 4 memos prepared in Lt. Col. North's office that from time to time contained the legend "Re-do," re-do on it. Are you familiar with that legend?

Ms. Hall. Yes, sir.

Mr. Belnick. What did that mean?

Ms. Hall. It meant a package had gone across the street. Someone along the line, either the Executive secretary or the deputy or the National Security Adviser himself had requested changes and it came back to our office, and we incorporated those changes and indicated that the original was left, as is with the changes, and a new package was done, and to indicate it was changed, we would type in "re-do."

Mr. BELNICK. Re-do would be put on the revised document but the original document would be maintained in the file and not destroyed?

Ms. HALL. Yes. I think that's the normal practice, yes.

Mr. BELNICK. Another legend we have seen on some of the System 4 memos is one which reads "add-on." Are you familiar with that legend?

Ms. HALL. Yes, sir.

Mr. BELNICK. What did that mean?

Ms. HALL. A package had gone across the street and either gone out to the agencies asking them to do something, they had responded. The idea was there was new material to be added to an original package.

Mr. BELNICK. When that material was added, you typed "add-on" to the front page?

Ms. HALL. Correct.

Mr. BELNICK. You would again preserve the original document. It wouldn't be destroyed?

Ms. HALL. Yes.

Mr. BELNICK. If there had originally been a memo, say, from the staff member to the Adviser and added to it was a proposed memo from the adviser to the President, you would type "add-on" on the front page?

Ms. HALL. Correct.

Mr. BELNICK. Another legend we have seen is one that reads "non-log." Non-log. Is that a legend you are familiar with?

Ms. HALL. Yes, sir.

Mr. BELNICK. What did it mean?

Ms. HALL. We used that in cases where it was—so administrative it didn't warrant being in System 1 or it was so sensitive that we didn't want to put it in System 4.

Mr. BELNICK. So this was a document that was being prepared and sent outside the system.

Ms. HALL. It was being sent to the National Security Adviser. It was not put into the system, series of systems.

Mr. BELNICK. It was outside the system?

Ms. HALL. Yes.

Mr. BELNICK. Was a copy of a non-log document sent to the system security officer at the NSC?

Ms. HALL. No, sir.

Mr. BELNICK. Now looking again after that description at exhibit 8 or exhibit 8A, the so-called diversion memo, do you recall ever preparing a document before, aside from this document, before or after which didn't contain a to or a from?

Ms. HALL. I believe we have done attachments to documents without a to or from. We have done issue type papers before, yes.

Mr. BELNICK. But those were attachments to memos that were to somebody from somebody?

Ms. HALL. Yes.

Mr. BELNICK. And typically you also dated the memos you prepared as well; correct?

Ms. **Hall**. Normally, yes.

Mr. **Belnick**. And this memo as we have it doesn't have a date on it; right?

Ms. **Hall**. Correct.

Mr. **Belnick**. Can you account for the fact that it's undated?

Ms. **Hall**. It could have been that it went through so many reiterations that it was cumbersome to put a date on or that for some reason Colonel North told me not to or I just forgot.

Mr. **Belnick**. Do you have a recollection of why there is no date on it?

Ms. **Hall**. No, I don't sir.

Mr. **Belnick**. Do you have a recollection of why there is no system number on it?

Ms. **Hall**. No, I don't.

Mr. **Belnick**. Do you know or recall whether Colonel North told you that this document was to be handled as non-log or outside the system?

Ms. **Hall**. I believe he probably indicated that. I don't have a specific recollection.

Mr. **Belnick**. Do you know why this document dosen't have the name of an addressee or a writer on it?

Ms. **Hall**. No, I don't, sir.

Mr. **Belnick**. Is it possible, Ms. Hall, this document is only part of a larger memo?

Ms. **Hall**. I have no idea, sir.

Mr. **Belnick**. You don't recall?

Ms. **Hall**. I don't recall.

Mr. **Belnick**. Now you mentioned that you maintained subject and chronological files of memoranda?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Did you maintain those in your office?

Ms. **Hall**. Yes.

Mr. **Belnick**. Where did you keep those files?

Ms. **Hall**. The chron files in Suite 302 were placed in a cabinet that stood between—behind my desk and Barbara Brown's desk. The subject files were spread out through the office according to the different files.

Mr. **Belnick**. Do you recall whether you made copies of this document, exhibit 8 or 8A, and put copies in your subject and chron files.

Ms. **Hall**. I don't have a specific recollection, no. But it normally would have been done, yes.

Mr. **Belnick**. Normally it would have been your practice to put completed memos in those files?

Ms. **Hall**. Yes. And in the chron and subject file also.

Mr. **Belnick**. Apart from this exhibit, Ms. Hall, do you have a recollection of typing any other documents which referred to the use of proceeds from the Iranian arms sales on behalf of the Contras?

Ms. **Hall**. No, I don't, sir.

Mr. **Belnick**. You recognize this document, you have seen it before, contains such a reference?

Ms. **Hall**. Yes.

Mr. **Belnick**. And you don't recall Colonel North making any particular mention of that when he dictated it to you or afterwards?

Ms. **Hall**. I don't have a specific recollection, no, sir.

Mr. **Belnick**. Now you knew, of course, and have testified that Colonel North was involved in helping the Contra cause against the Sandinistas; correct?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. You knew that Colonel North met not infrequently with Contra leaders, Messrs. Cruz, Robelo, and Calero?

Ms. **Hall**. Yes.

Mr. **Belnick**. And you knew they communicated from time to time?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Did you know at any time while you worked for Colonel North that Colonel North was in any way involved in paying or otherwise transferring funds to any of those Contra leaders or Contra supporters?

Ms. **Hall**. I don't know that to be a fact. I do have a recollection of once seeing a spiral notebook Colonel North kept. I believe I saw him writing in it once or twice. It had names and dollar amounts in it.

Mr. **Belnick**. This was a ledger you saw Colonel North writing in in his office?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Just describe what it looked like, please.

Ms. **Hall**. The way I remember it, it was very similar to something you might buy in a Hallmark Card store. It was a manila colored spiral square type calendar. I believe if my recollection is right that he flipped to the back of it where they allow you to write notes. That is where the ledger was kept.

Mr. **Belnick**. Where did you see that ledger?

Ms. **Hall**. The last time I remember really seeing it I believe is in room 392.

Mr. **Belnick**. Which would have been before May 1986?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. You saw Colonel North writing in the ledger?

Ms. **Hall**. I believe so, sir.

Mr. **Belnick**. And you remember seeing a page open with names and columns on it?

Ms. **Hall**. Yes.

Mr. **Belnick**. Do you recall any of the names?

Ms. **Hall**. I don't have a specific recollection, no, sir.

Mr. **Belnick**. Do you have any recollection?

Ms. **Hall**. My feeling, my assumption is it had to do with Central America.

Mr. **Belnick**. The Contras?

Ms. **Hall**. Yes.

Mr. **Belnick**. Can you recall any specific name that was on that ledger?

Ms. **Hall**. I don't recall—I don't have a picture of the ledger in my mind, sir, but I would say that it probably had Calero and Cruz and others on it.

Mr. **Belnick**. You saw numbers?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Did you understand these based on what you saw to be dollar amounts?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Do you recall what the magnitude was of any of those dollar amounts?

Ms. **Hall**. No, I don't, sir.

Mr. **Belnick**. No recollection of that whatsoever?

Ms. **Hall**. No, sir. I would like to add I did not open the notebook at any time or question Colonel North on that notebook. I merely was walking in the office and noticed the notebook was there. I did not take any hard looks at it.

Mr. **Belnick**. Do you know where Colonel North kept that ledger or notebook?

Ms. **Hall**. I don't recall, sir. Not really. I think that he might have kept it to the right of his old desk in 392 where there were some drawers.

Mr. **Belnick**. In any event, he never asked you to make entries in it or file it?

Ms. **Hall**. No, sir.

Mr. **Belnick**. You never saw it again after you moved from the old office to Suite 302?

Ms. **Hall**. I don't recall, sir. I recall seeing it after 392.

Mr. **Belnick**. You recall hearing rumors around your office that Colonel North kept cash in Suite 302 or Suite 392?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Were those fairly widespread stories?

Ms. **Hall**. I think they were within office.

Mr. **Belnick**. What do you recall hearing?

Ms. **Hall**. I don't have a specific recollection. I just have a feeling of that. Just a moment, sir.

As you know, sir, you have brought to my attention the fact that I was given three traveler's checks.

Mr. **Belnick**. We will get to that.

Ms. **Hall**. Well, it is hard for me to explain to you why I have this feeling. That would help in this case.

Mr. **Belnick**. We will go to the traveler's checks in one second. Let me just ask whether you ever asked Colonel North about any of the stories you heard concerning the possibility that he kept cash in the office.

Ms. **Hall**. Absolutely not.

Mr. **Belnick**. Do you know whether he was familiar with those stories?

Ms. **Hall**. I would assume so, yes.

Mr. **Belnick**. Did you ever hear him make a statement of anger or denial about such stories being passed around the office?

Ms. **Hall**. No, sir.

Mr. **Belnick**. Did you have the impression that the stories were true?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Now, as you referred to moments ago, I had asked you at one point during our interviews whether you had ever received or borrowed cash from Colonel North, and in one of our earlier interviews you had recalled an occasion when you thought you had borrowed some 20 dollars from him; correct?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And then subsequently, the committees came into the possession of certain documents, including travelers checks, which I showed you, and copies of which now appear as exhibit 7 in your binder.

Do you recall that?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Now, having looked at those travelers checks during our interviews, and you see them again now, it is FH-7.

Until I showed you the traveler's checks, you did not recall this event; is that correct, Ms. Hall?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Having seen the traveler's checks, copies of which are on exhibit 7, you recognize your signature in both places on the three checks?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Three checks totaling $60, each for $20?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. They are dated June 21, June 22, and June 23 of 1985. Looking at the calendar, we established that June—that that was a weekend, beginning with Friday, June 21?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. With those facts, what do you recall about these checks and your obtaining them from Colonel North?

Ms. **Hall**. I recall June 21 was a Friday. We were working late, and I was planning a weekend to the beach, but yet the banks had closed. I didn't have any cash to go to the beach with, and I recall that I asked Colonel North to borrow some money. At the time I thought it was $20. It appears now I asked for $60 and Colonel North obviously handed me $60 in traveler's checks.

Mr. **Belnick**. Do you recall where Colonel North physically took the checks from?

Ms. **Hall**. No, I don't, sir.

Mr. **Belnick**. Did he get them from his desk, from his pocket, from one of the safes?

Ms. **Hall**. I don't recall, sir. I don't believe I was present in the room when he gave them to me. I think I would have remembered.

Mr. **Belnick**. Where do you think he was and where were you when he went to get the checks?

Ms. **Hall**. I would have to say I was probably outside at my desk and had asked him earlier for—and maybe gone back in and he already had them out. I just don't recall where he got them from.

Mr. **Belnick**. You have no recollection whether they were on his desk or whether he took out a wad of traveler's checks or went to a safe?

Ms. **Hall**. No, sir.

Mr. **Belnick**. Now, when he handed you the checks, did he say anything?

Ms. **Hall**. My recollection is that he said, "Make sure you return—pay back the money. It is not mine."

Mr. **Belnick**. Referring to the traveler's checks?

Ms. **Hall**. Correct.

Mr. **Belnick**. You cashed them that weekend, as indicated, at a gas station, a market, and a beach package store?

Ms. **Hall**. Yes.

Mr. **Belnick**. And you subsequently repaid Colonel North?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Was there ever any other occasion when you saw Colonel North with traveler's checks or—saw Colonel North with traveler's checks?

Ms. **Hall**. I don't recall, sir. No, I don't believe I have ever seen him with travelers checks.

Mr. **Belnick**. Any other occasion on which you borrowed money from Colonel North?

Ms. **Hall**. No.

Mr. **Belnick**. When Colonel North gave you the checks, or during the ensuing weekend, did you happen to notice that they were drawn on a bank in Central America?

Ms. **Hall**. At the time, yes, sir.

Mr. **Belnick**. Did you find that curious?

Ms. **Hall**. I found it unusual.

Mr. **Belnick**. And did you ask Colonel North how he happened to have travelers checks that were drawn on a Central American bank?

Ms. **Hall**. No, I didn't, sir. It was my policy not to ask question It was just something———

Mr. **Belnick**. Did you ask Colonel North where he got the travelers checks from?

Ms. **Hall**. No, sir.

Mr. **Belnick**. And he didn't volunteer any of that information?

Ms. **Hall**. No, sir.

Mr. **Belnick**. Now, can you recall another incident sometime after June of 1986, which also adds to your impression that Colonel North was dealing to some extent with cash?

Ms. **Hall**. I am sorry. Can you repeat the question?

Mr. **Belnick**. Let me take it this way. Do you recall a gentleman called Father Dowling, Father Tom Dowling?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Who did you understand Father Dowling to be?

Ms. **Hall**. I understood him to be a priest, and I think that he dealt with Colonel North regarding Central America.

Mr. **Belnick**. You thought Father Dowling was a priest based upon the clerical garb he wore?

Ms. **Hall**. Correct.

Mr. **Belnick**. Did Colonel North ever tell you he was a priest?

Ms. **Hall**. No, but I have seen the father in his clerical garb before.

Mr. **Belnick**. You knew him as somebody who had an interest in Central America?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. He was a frequent caller at the office?

Ms. **Hall**. I would say so, yes.

Mr. **Belnick**. Do you recall Colonel North arranged a photo opportunity for Father Dowling and another priest in June of 1986, a photo opportunity with the President?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Now, the other priest, Mr. Chairman, with the committee's permission we will refer to as "Father Z," because the name is protected and we have been asked to use that formulation.

Father Z is someone you associated with Father Dowling, as well, correct?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And he was a Nicaraguan priest?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And he, too, joined Father Dowling at the photo opportunity that Colonel North set up in June of 1986 with the President?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Sometime following that event, when you saw Father Dowling, Father Z, and Colonel North, do you recall receiving a telephone call from Father Dowling, who was upset about a matter?

Ms. **Hall**. Yes, sir. He had called a couple of times, I believe, and expressed that Mr. Z had not received what he was waiting for. And I think the last time I remember Father Dowling calling, he was very desperate, and Colonel North happened to be leaving the office at the time, and I expressed to him Father Dowling's desperation.

He said, "Get Rich Miller on the phone and make sure that he takes care of that."

Colonel North left. I placed a call to Rich Miller and expressed the fact that Father Dowling had called and that Father Z had not received what he was expecting.

Mr. **Belnick**. Did you associate that request and that event with a transfer of funds?

Ms. **Hall**. That was my association.

Mr. **Belnick**. Based on something that was said to you on the phone by Father Dowling?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. So, from those events, that call, the travelers checks and the ledger, you formed the impression that Colonel North was dealing to some extent with money and it related to the Contras?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. I would like to turn now to the Iran matter and the events of November. But before we do, I want to clear up one other point that has been raised before the committees. Do you remember a time in or about early June of 1986, when you were asked by Colonel North to type an account number on a card?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And do you recall Assistant Secretary Elliott Abrams was present at that time?

Ms. **Hall**. I thought there was someone else, but now I realize it was Secretary Abrams, yes.

Mr. **Belnick**. Your best recollection now is that Secretary Abrams was present?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. This was in your office at Suite 302?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And would you describe please for the committees what happened?

Ms. **Hall**. I was sitting at my desk, Colonel North passed me a piece of paper with an account number on it and asked me to type it. I pulled out a 3-by-5 index card, typed what I saw, and returned the slip of paper he had given me and the card.

Mr. **Belnick**. To Colonel North?

Ms. **Hall**. Yes.

Mr. **Belnick**. As far as you know, you typed on the card precisely the account number which Colonel North gave you on the slip of paper?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And you understand from subsequent events that that is the account number which has come into controversy in connection with a contribution from Brunei?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. When you handed the paper—after you handed the paper and the card with the number to Colonel North typed as you saw the number on the slip, that was the last time you saw or heard about that?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Turning to the events of November 1986, you recall early in the month of November the foreign press broke the story about the Iran initiative?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Shortly thereafter, you were aware the NSC staff was working on preparing a chronology of events relative to the Iran initiative?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. What did you learn about the preparation of that chronology at the time?

Ms. **Hall**. Colonel North was preparing it. I assume at the direction of the National Security Adviser, and I don't know who else to set the record straight.

Mr. **Belnick**. Did you hear any discussion of events to be put back in or left out of that chronology?

Ms. **Hall**. I don't recall, no.

Mr. **Belnick**. You recall participating to the extent of helping type the various drafts of the chronology?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. You recall also an occasion when Mr. McFarlane came into your office during the preparation of the chronologies.

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And typed an insert using the PROFs machine in Colonel North's inside office?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Did anyone tell you specifically what the purpose of these Iran chronologies was?

Ms. **Hall**. I don't recall, sir.

Mr. **Belnick**. You recall November 21 was a Friday in 1986.

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Would you turn to exhibit FH-9, the second page of the exhibit has Colonel North's calendar entries for that day. You see two references on that day, Friday November 21, to Michael Ledeen?

Ms. Hall. Yes, sir.

Mr. Belnick. Do you recall whether Mr. Ledeen was in the office on that day?

Ms. Hall. My recollection is that—the appointment that shows 11 o'clock, I believe Mr. Ledeen was not held in our office. I did not know at the time where the meeting was held. The later meeting at 2:30 I believe Michael probably came to the office, that is my recollection.

Mr. Belnick. Do you recall what Mr. Ledeen did in the office on that day?

Ms. Hall. I have no idea, sir.

Mr. Belnick. Do you know what was discussed at the earlier meeting outside of the office among Messrs. McFarlane, Ledeen and North?

Ms. Hall. I have no idea, sir.

Mr. Belnick. Now, there is also an entry on the calendar for November 21, at 5:30, Tom Green.

Ms. Hall. Yes, sir.

Mr. Belnick. Do you recall whether Mr. Green was in the office on that day at or about that time?

Ms. Hall. I don't believe he was, sir. I think he picked up Colonel North outside the office.

Mr. Belnick. Did you know who Tom Green was as of November 21, 1986?

Ms. Hall. I knew that Tom Green was a lawyer.

Mr. Belnick. And had you had occasion to place calls to him and take calls from him while you were working for Colonel North?

Ms. Hall. Yes, sir.

Mr. Belnick. And did such calls occur both before and after May of 1986?

Ms. Hall. Yes, sir.

Mr. Belnick. Did you know what Colonel North's business was with Mr. Green on any of those occasions?

Ms. Hall. No, I didn't, sir.

Mr. Belnick. Did you know whether Mr. Green was representing Colonel North at any time up to November 21, 1986?

Ms. Hall. No, I didn't.

Mr. Belnick. You knew he was a lawyer, Tom Green?

Ms. Hall. Yes.

Mr. Belnick. Did you know who he was a lawyer for?

Ms. Hall. No.

Mr. Belnick. Now, sometime during the afternoon on Friday, November 21, 1986, did Colonel North hand you several documents and ask you to make changes?

Ms. Hall. Yes, sir.

Mr. Belnick. Would you describe generally what he handed to you and what he asked you to do?

Ms. Hall. I was sitting at my desk, and he came outside his office and handed me three or four original System 4 packages with changes indicated on them, I believe, in red or blue, I think—I am not sure—and asked me to make the changes, and I did so.

Mr. Belnick. These were handwritten changes?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And they were handwritten changes on original System 4 documents?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. So, as far as you knew where had those original System 4 documents been up until that point?

Ms. **Hall**. I have no idea, sir.

Mr. **Belnick**. Did you recognize them as completed documents?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. So that, ordinarily those documents would have been in the original files maintained by the System 4 security officer right next door to your office, correct?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Who by that time in November was Brian Merchant?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Did you recognize the handwriting on the original System 4 documents that Colonel North gave you?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Whose handwriting was it?

Ms. **Hall**. Colonel North's.

Mr. **Belnick**. Up until that time, Ms. Hall, had you ever been asked by Colonel North or anyone else to make changes to original, completed System 4 documents?

Ms. **Hall**. I don't believe so, sir.

Mr. **Belnick**. Did you make the changes that Colonel North indicated?

Ms. **Hall**. Yes.

Mr. **Belnick**. And did you destroy the marked-up originals that Colonel North gave you with the changes written in?

Ms. **Hall**. Yes, I did.

Mr. **Belnick**. Did Colonel North ask you to destroy those marked-up originals?

Ms. **Hall**. I don't know if he told me to destroy them or if I destroyed them on my own initiative.

Mr. **Belnick**. You understand from the circumstances exactly what you were expected to do?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Now, there were various action lines on these memos, which we will review, for approved or disapproved check marks, correct?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And once you revised or altered the documents and came up with altered originals, did you go back and check those boxes as indicated?

Ms. **Hall**. Yes. I asked Colonel North what he wanted me to do and he said, "Just go ahead and check them," and I checked them as I thought that they reflected the other originals.

Mr. **Belnick**. And Colonel North made it a practice usually of putting his initial "N" on the front of documents, correct?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And did you put his "N" on each of the altered originals which you prepared?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Now, you will recall that when we spoke in the absence of the documents you could not remember the specific documents or the specific changes that you made.

Ms. **Hall**. That is correct, sir.

Mr. **Belnick**. Did you pay attention to any of those changes when Colonel North handed you the documents and said, "Here, make these changes"?

Ms. **Hall**. No, I didn't.

Mr. **Belnick**. Did you ask Colonel North why he wanted you to make those changes?

Ms. **Hall**. No, I didn't.

Mr. **Belnick**. Did you read the changes that he made?

Ms. **Hall**. No, I didn't.

Mr. **Belnick**. Did you appreciate the significance of the changes that Colonel North was asking you to make to those original System 4 documents?

Ms. **Hall**. No, I didn't.

Mr. **Belnick**. Weren't you curious?

Ms. **Hall**. It was a policy of mine not to ask questions and just to follow instructions. I believed in Colonel North and what he was doing. I had no right to question him.

Mr. **Belnick**. And so you took the original documents and made the changes that Colonel North told you to make?

Ms. **Hall**. Yes, I did.

Mr. **Belnick**. And again, absent anything else, you could not recall what those documents were by substance or what the changes were that Colonel North asked you to make?

Ms. **Hall**. That is correct.

Mr. **Belnick**. But you did recall one or so of the System 4 numbers that were on the documents?

Ms. **Hall**. I believe I recall a System 4 number, yes.

Mr. **Belnick**. And we then subsequently found the handwritten note which we showed you containing System 4 numbers. You recall that?

Ms. **Hall**. Yes.

Mr. **Belnick**. Would you look at FH exhibit 1? Now, FH exhibit 1, Ms. Hall, is a note which was produced to us by the White House. It contains various System 4 numbers. That is the note we showed you that helped refresh your recollection and, indeed, lead us to copies of the altered documents, correct?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Do you recognize whose handwriting that note is in?

Ms. **Hall**. Mr. McFarlane's.

Mr. **Belnick**. Do you recall when you first saw this handwritten note by Mr. McFarlane, FH exhibit 1?

Ms. **Hall**. I believe it was in the summer of 1985.

Mr. **Belnick**. Where did you see it?

Ms. **Hall**. It was taped to the ledge of Colonel North's desk in suite 392.

Mr. **Belnick**. Taped to the ledge near his computer terminal?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Do you associate first seeing FH-1 with the time that congressional inquiries were under way into Colonel North's activities on behalf of the Contras?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. You were familiar at the time that Congressman Hamilton and Congressman Barnes had made such inquiry?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Do you recall that documents were being pulled from System 4 files around that time as part of the response to the inquiry?

Ms. **Hall**. I don't recall, sir, no.

Mr. **Belnick**. But you do associate this list of numbers by Mr. McFarlane with those inquiries?

Ms. **Hall**. Yes.

Mr. **Belnick**. The sheet of handwritten numbers remain taped to Colonel North's desk until the time you moved in May, 1986?

Ms. **Hall**. Yes.

Mr. **Belnick**. By the way, was the circle around the No. 401214 there at the time you first saw the note?

Ms. **Hall**. I don't believe so, sir.

Mr. **Belnick**. Was the word "cover" on the note?

Ms. **Hall**. Yes.

Mr. **Belnick**. And the inscription on the right below 19 either January or June on the note, do you recall seeing that when it was taped to the desk?

Ms. **Hall**. No.

Mr. **Belnick**. Do you know what that note refers to?

Ms. **Hall**. No, I don't, sir.

Mr. **Belnick**. Do you recognize it as the name of an Israeli newspaper?

Ms. **Hall**. No, I don't.

Mr. **Belnick**. So you saw the list just with the numbers and the word "cover"?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Would you take a look at Fawn Hall exhibit 1A. This is another version of the same note with some text at the bottom, which I'll read into the record.

"All originals attached except 401214 according to computer, all copies of 401214 were destroyed. Please return these documents to me when you have finished. Brian."

Do you recognize that handwriting?

Ms. **Hall**. I don't recognize the handwriting, sir, but the name I associate with Brian Merchant, the Systems 4 keeper.

Mr. **Belnick**. There is another handwritten note at the bottom which reads: "Signed out to Oliver North, J.B." Do you recognize that handwriting?

Ms. **Hall**. Again, I do not recognize the handwriting. J.B., I associate with June Bartlett, DeGraffenreid's secretary.

Mr. **Belnick**. Based on this note, it appears that the documents were at least first requested if not signed out on November 21, 1986, which is the date that you were handed original System 4 documents to alter, correct?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. You did not see this note at the bottom prior to our interviews.

Ms. **Hall**. That's right.

Mr. **Belnick**. Now, Ms. Hall, there was another way that you were able to help us identify the altered and unaltered documents, and I would like you to please turn to FH exhibit 2. That exhibit is on a letterhead which reads "National Security Council" in the center. And over on the left, it reads "Memorandum." Correct?

Ms. **Hall**. Yes.

Mr. **Belnick**. That form of letterhead was in use during 1985, correct?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Was that form of letter head discontinued by 1986?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Now, would you take a look at Fawn Hall exhibit 2A. You will see that's on a letterhead which doesn't have the word "memorandum," correct?

Ms. **Hall**. Yes.

Mr. **Belnick**. And in the center it not only reads National Security Council, but it also contains Washington, D.C., and the zip code, right?

Ms. **Hall**. Yes.

Mr. **Belnick**. That form of paper was in use at the NSC in November of 1985, was it not?

Ms. **Hall**. Yes.

Mr. **Belnick**. But never for memos from the staff to the National Security Adviser?

Ms. **Hall**. I don't believe it was supposed to be used for that purpose, no.

Mr. **Belnick**. So that in 1985, you would not have prepared a memo such as exhibit 2A on that National Security Council letterhead.

Ms. **Hall**. That's correct.

Mr. **Belnick**. You would have prepared it on the form of letterhead we saw on exhibit 2?

Ms. **Hall**. Yes.

Mr. **Belnick**. But by 1986, November 1986, when you were asked to make altered versions of certain documents, that memo letterhead had been discontinued, correct?

Ms. **Hall**. Yes.

Mr. **Belnick**. So that all you had was the letterhead we see on exhibit 2A, National Security Council, Washington, D.C.?

Ms. **Hall**. Yes.

Mr. **Belnick**. Which indicates to you that that document wasn't prepared in 1985?

Ms. **Hall**. Yes.

Mr. **Belnick**. Now, I would like to go through the documents. Let's begin, if we may, Miss Hall, with exhibit FH-2, which is a memorandum to Mr. McFarlane from Lt. Col. North, dated February 6, 1985, and the subject is Nicaraguan arms shipments.

Do you have that document before you?

Ms. **Hall**. Yes, I do.

Mr. **Belnick**. We also have a blow-up of the document on the wall to the right. You notice the System 4 number is 402003, correct?

Ms. **Hall**. Yes.

Mr. **Belnick**. And that is one of the numbers which appears on the handwritten list, FH exhibit 1?

Ms. **Hall**. Yes.

Mr. **Belnick**. Now, this document was prepared originally on or about February 6, 1985, as the date indicates, and you have no independent recollection, as we have established, of what the document contained then and what changes were made in the document on November 21, 1986.

Ms. **Hall**. That's correct.

Mr. **Belnick**. Let's then review the document for the committee and let me explain the coloring on the document as they've been put up.

On the original document material that's deleted is highlighted in blue ink on what we believe to be the altered version of the document. Material that was put in that did not appear on the original document is highlighted in orange.

Now, going through exhibit 2, exhibit 2 in its original form, where the blue highlighting occurs, was a memorandum from Lt. Col. North to Mr. McFarlane, in which he advised that a Nicaraguan merchant ship was unloading cargo in Asia and, in the blacked-out portion, was taking on lethal cargo, weapons, for the Contras at a certain other spot in the East.

Colonel North then goes on, as you see at the bottom of page 1 of exhibit 2, to present three options to Mr. McFarlane for dealing with that vessel. He says that the shipment of weapons could be seized and the weapons could be delivered to the Nicaraguan resistance, or he says the ship could be sunk, or he says publicity could be given to the shipment and the parties involved in order to prevent the delivery that way.

If we then turn to the second page of exhibit 2, Colonel North provides Mr. McFarlane additional details concerning the possibility of having Mr. Calero and his people assist in some way with preventing the delivery of those weapons to Nicaragua. And the memo concludes with a recommendation that Mr. McFarlane authorize Mr. Calero to be provided with information on this ship and to be approached on the matter of seizing or sinking it.

Beneath that there is a handwritten notation and, Miss Hall, do you recognize that as Admiral Poindexter's writing?

Ms. **Hall**. Yes, I do.

Mr. **Belnick**. And the notation in Admiral Poindexter's writing reads, "We need to take action to make sure the ship does not arrive in Nicaragua."

Before we go to the other version of exhibit 2, once you made the changes and you destroyed the marked-up originals, what were you going to do with the altered originals?

Ms. **Hall**. The altered originals I planned to Xerox and replace the chron copy and the subject file copy and then return the original altered document to the System 4 keeper.

Mr. BELNICK. At that time you recognized that you had your own copies in your subject and chron files in the office of the same documents that Colonel North was asking you to change, right?

Ms. HALL. Yes, sir.

Mr. BELNICK. So to complete the alteration process and to make it effective, you knew you had to substitute the new, altered original for the copies that were in your files and get rid of those copies, right?

Ms. HALL. Yes, sir.

Mr. BELNICK. And to complete the process finally, you understood that you had to then get the altered original back to Mr. Merchant's shop to be refiled, right?

Ms. HALL. Yes, sir.

Mr. BELNICK. Did you ever get past the step of destroying the original originals that Colonel North had marked up?

Ms. HALL. I restored the originals, made the changes, assembled the packages, began to Xerox them, and I was stopped in the process by what I now think is probably the shredding incident.

Mr. BELNICK. Which we'll get to.

In any event, you were interrupted while you were making copies or endeavoring to make copies of the documents, the altered originals, correct?

Ms. HALL. Yes.

Mr. BELNICK. So you never had the opportunity to get out of your files the copies of the unaltered documents.

Ms. HALL. Yes, sir.

Mr. BELNICK. Or to get the altered originals back to the Security Office?

Ms. HALL. Yes.

Mr. BELNICK. Which accounts for why two copies of each document were found ultimately in the files?

Ms. HALL. Yes.

Mr. BELNICK. Having gone through exhibit 2, we will take a look at FH exhibit 2A. You will notice that bears the same system four number as exhibit 2, correct, 402003; right?

Ms. HALL. Yes, sir.

Mr. BELNICK. But now that two-page memo concerning the ship Monimbo and its proposed weapons delivery to Nicaragua has been shrunk to a one-page memo, correct?

Ms. HALL. Yes, sir.

Mr. BELNICK. And that memo deletes all discussion of the three options that Colonel North had put to McFarlane, "sink, seize or publicize;" right?

Ms. HALL. Yes, sir.

Mr. BELNICK. And what is inserted in place of any of those options or any discussion of the Contras' helping with an operation to seize the ship is a recommendation in effect to declassify the information that Colonel North had about the ship so it could be printed in the overseas' news media?

Ms. HALL. Yes.

Mr. BELNICK. And we believe this to be one of the documents that you were asked to prepare on November 21, correct, Ms. Hall?

Ms. HALL. Yes.

Mr. **Belnick**. Again, it is on letterhead that you would not have been using for such a memo in 1985?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And that appears to be your "N" next to Oliver North's name?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Now, I notice that the approved box in exhibit 2A is checked. There is no check on the approved line in exhibit 2, the original memo. Do you have any recollection of whether you were asked specifically to check the approved box on 2A?

Ms. **Hall**. I believe, I mean I don't have a specific recollection, I believe that I probably saw Admiral Poindexter's handwriting and realized I couldn't exactly re-do that, and decided just to check the approved line, which is similar to his comment.

Mr. **Belnick**. And, again, if you had been able to finish the process, what the files would have been left with is what we see as exhibit 2A, there would have been no exhibit 2, including no handwritten notation by Admiral Poindexter?

Ms. **Hall**. That is correct.

Mr. **Belnick**. Let's turn then if we may to the next document, which is FH exhibit 3. That document bears the System 4, No. 400215, and again, Ms. Hall, that is one of the numbers on the McFarlane handwritten list, exhibit 1, is it not?

Ms. **Hall**. Yes, it is.

Mr. **Belnick**. This was a document prepared originally on or about March 5, 1985. It is a memo from Colonel North to Mr. McFarlane and it pertains to aid to the Nicaraguan resistance from a certain Central American country, the name of which has been deleted from the unclassified version of this memo.

Now, in this memo, as we see from reading it, Colonel North proposes to Mr. McFarlane that Mr. McFarlane send a memo to the Secretary of State, to the Secretary of Defense, to the Director of Central Intelligence and to the chairman of the Joint Chiefs of Staff asking for their views on increased United States assistance to this Central American country and proposing that such increased assistance be given.

Colonel North then goes on in exhibit 3 to say to Mr. McFarlane that the real purpose of the proposed memo to the cabinet officers would be to find a way to compensate the Central American country for the extraordinary assistance that that country had been furnishing to the Nicaraguan Freedom Fighters by facilitating the delivery of lethal assistance, weapons, through the provision of false end-user certificates.

And Colonel North goes on to point out to Mr. McFarlane on page 2 of exhibit 3 that the proposed memo to the senior cabinet officials does not refer to any of those arrangements which had been made by the Central American country to help the Freedom Fighters.

The recommendation is that Mr. McFarlane sign the proposed memo to the senior cabinet officers and send it along, a memo which contained, as Colonel North put it, no reference to the real purpose of the recommendation.

And then, as you will see, there were various attachments, the first being the proposed memo to the Secretaries, the DCI and the chairman of the Joint Chiefs, the second being copies of the false end-user certificates, and the third being a wish list of military equipment requirements for the Contras which Colonel North also refers to in his memo to Mr. McFarlane.

And, again, as far as you know, Ms. Hall, you would have prepared this document that is typed for Colonel North back in March of 1985?

Ms. HALL. Yes, sir.

Mr. BELNICK. Now, let's look then at exhibit FH–3A. It bears the same System 4 number as exhibit 3, does it not, 400215?

Ms. HALL. Yes, sir.

Mr. BELNICK. Only it is on the letterhead that you wouldn't have used in 1985, correct?

Ms. HALL. Yes, sir.

Mr. BELNICK. That looks like your N next to Oliver North's name?

Ms. HALL. Yes, sir.

Mr. BELNICK. The subject is the same subject as exhibit 3 in its 1985 manifestation, namely aid to the Nicaraguan resistance by the same unidentified here Central American country, only now that two page memo has been reduced to two paragraphs, the first of which tells Mr. McFarlane that there is a proposed memo to the senior cabinet members, asking for their views on assistance—increased assistance to the Central American country and the second of which simply says that your memo, Mr. McFarlane, also urges that we provide the assistance and the approved box is checked and again you recall it would have been you who checked the approved box on exhibit 3A?

Ms. HALL. Yes, sir.

Mr. BELNICK. Now I notice that exhibit 3A although it no longer refers in text to the real purpose of the attached memo or to the end-user certificates continues to attach or to indicate an attachment of end-user certificates, and the wish list of weapons for the Contras, all reference to which had been deleted from the memo itself; correct?

Ms. HALL. Yes, sir.

Mr. BELNICK. We've talked about that. Can you account for why the end-user certificates and the military equipment wish list were left in when the references to them were the object of Colonel North's deletions?

Ms. HALL. All I can say is that—emphasize the fact that I didn't read the changes that were being made or else I would have realized to remove the attachments and also emphasize the fact that Colonel North to my recollection did not give me further instructions other than to change them.

Mr. BELNICK. You were uneasy while you were making these changes, weren't you?

Ms. HALL. I felt a little bit of uneasiness when he asked me to do it, but again as I stated, I believe in Colonel North, and I know that there must have been a good reason why he was asking me to do this, and I—I did as I was told.

Mr. BELNICK. Did you know at the time that Colonel North asked you to do this that the President of the United States had asked the Attorney General to make an inquiry into the facts concerning the delivery and sale of American weapons to Iran?

Ms. HALL. I do not recall that, no.

Mr. BELNICK. Did Colonel North mention to you that he knew the Attorney General had been asked to undertake that assignment and would be coming to the office to review documents or that his representatives would be coming the very next morning?

Ms. HALL. No, sir.

Mr. BELNICK. You did not know any of those things when you made the changes that Colonel North requested; right?

Ms. HALL. No, sir.

Mr. BELNICK. While you were making the changes, did anybody come over to your desk?

Ms. HALL. Yes, sir.

Mr. BELNICK. Who was that?

Ms. HALL. Commander Craig Coy.

Mr. BELNICK. What did you do when Commander Coy approached your desk while you were altering the documents?

Ms. HALL. I turned the documents over, face down.

Mr. BELNICK. Why?

Ms. HALL. I felt that it was my policy not to expose or talk about what I was doing, and I felt that I didn't know Colonel North shared with Colonel Coy what he was doing, and I felt that it wasn't my place to show Commander Coy what I was doing.

Mr. BELNICK. You weren't totally comfortable with what you were doing, were you, Ms. Hall?

Ms. HALL. I would say that I wasn't totally comfortable, yes. But as I've said before, I believe Colonel North had a good reason for doing what he was doing. I'm not going to question that.

Mr. BELNICK. He didn't tell you what that reason was?

Ms. HALL. No, he didn't.

Mr. BELNICK. Let's take a look now at exhibit FH-4.

FH-4 is a memorandum dated March 16, 1985 from Colonel North to Mr. McFarlane. It contains the System 4 No. 400426 and that again Ms. Hall is another one of the document numbers appearing on the McFarlane list.

Ms. HALL. Yes, sir.

Mr. BELNICK. This document was typed on or about March 16, 1985, and its subject is "Fall-Back Plan for the Nicaraguan resistance."

Now, the document as it appeared on March 16, 1985, or at least as we have it, consisted of three pages, the first page of which was a cover memorandum from Colonel North in which he said that a fall-back plan had been developed, that plan which is laid out on the second two pages, a fall-back plan to aid the Nicaraguan resistance on the assumption that the Congress decided not to rescind the restrictions on the Contra aid that were then in force.

Colonel North goes on to tell Mr. McFarlane that secrecy for the plan, in his words, is paramount, and that the other key to the plan is that the present donors continue their relationship with the resistance beyond the current funding figure.

The recommendation that Colonel North makes to Mr. McFarlane is that if Senators Durenberger and Lugar indicate that there is an unwillingness on the part of Congress to support resumption of full United States Government aid to the Nicaraguan resistance, then Mr. McFarlane ought to discuss this fall-back plan with the Secretary of State.

Now, if you look at the second page of exhibit—exhibit 4, Colonel North begins laying out there and continues on the page after precisely what he proposes as that fall-back option.

Very briefly, the colonel tells Mr. McFarlane that the funding which is then being provided by the current donors would be sufficient to carry the resistance until October, provided that additional moneys were raised for non-military supplies.

Colonel North's proposal to raise that money is that the President of the United States, instead of returning to the Congress for assistance as contemplated by the statute then in force, that instead of doing that, the President make a sudden and dramatic appeal over nationwide television to the citizens of the United States asking them to contribute to the Nicaraguan resistance; correct?

And he proposes that there be established a nonprofit, tax-exempt organization for that purpose, that the Contra leaders be informed, and that the President's speech be conceived and put together in total secrecy.

Would you now take a look at exhibit 4A? Exhibit 4A bears the same System 4 number as exhibit 4—400246—only this one reduces what was a three-page memorandum to a one-paragraph memorandum.

In that paragraph, Colonel North has deleted all reference to any fall-back plan and says instead that Congress seems reluctant to rescind the aid restrictions and that there, therefore, is a need to develop a fall-back plan for supporting the resistance.

And he states that the best fall-back we have is to stress that while President Reagan is unwilling to use U.S. troops in Nicaragua, all available intelligence supports the realization that we will have to in the 1990s, if there is not a democratic outcome now.

You have checked the approved boxes on that document, and this, too, is one of the documents that we believe you prepared at Colonel North's request on November 21, correct?

Ms. HALL. Yes, sir.

Mr. BELNICK. Let's turn, then, to exhibit 5.

Exhibit 5 bears the System 4 No. 402007, which you recognize as another of the numbers on Mr. McFarlane's list, correct?

Ms. HALL. Yes, sir.

Mr. BELNICK. That document is prepared on April 11, 1985, and contained a discussion of FDN military operations which had been made possible by funding that had been provided through the donors after the cut-off of American aid by Congress.

On page 2, Colonel North concludes that the money on hand will be insufficient to enable the resistance to grow to a larger force than it achieved unless efforts were made to seek additional funds of $15 to $20 million from the current donors.

By the way, Ms. Hall, did Colonel North ever identify to you or describe to you who he meant by the "present donors" or the "current donors" in these memoranda?

Ms. HALL. No, he didn't.

Mr. **Belnick**. In any event, Colonel North recommends that those donors be approached for more aid and on page 3 of the memo, that recommendation is stated succinctly.

He attaches to the memo a list of expenditures and outlays by the Resistance. Let's compare that document, exhibit 5, with exhibit FH-5A. And as we look at those pages in general, information that seems to have been acquired actively by Colonel North has been deleted and instead there are phrases such as according to information, they, the resistance, have given us, there is a more passive tense used when describing the type of knowledge that Colonel North had, but the most dramatic change on the document comes at the end. All references to the present donors or funding by the present donors have been deleted from the document and instead of making a recommendation that the current donors be approached for increased aid, the recommendation is that Congress be approached for increased aid.

The specific recommendation then at the very end of the memo on page 3 is "that you brief the President on the current situation and urge concerted action on immediate Congressional approval of a $14 million CIA supplemental and a $75 to $100 million for the next fiscal year."

Again, you have checked the approved box on page 3 of that memo?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Now, I won't ask that exhibit 5B be put up. But if you will turn to it in your book, you will see exhibit 5B is a memo dated May 1, 1985, containing the System 4 No. 400453, which is another number that was on the McFarlane list; correct?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And from comparing it, although it is dated May 1, 1985, it appears to be the same as the altered version of the April document, namely exhibit 4A, correct? Or 5A, I am sorry.

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And do you have any recollection of why the document was prepared with a date of May 1 as well as a date of April 11?

Ms. **Hall**. I think—there's a possibility the memorandum went across the street and was revised or asked to be re-done in May.

Mr. **Belnick**. But you have no specific recollection?

Ms. **Hall**. No, I don't.

Mr. **Belnick**. And I should advise you, Mr. Chairman and members of the committee, that we have not at this point located a May 1, 1985, unaltered document. The only document we have been able to find so far is the one which appears as exhibit FH-5B, which is the same as the altered April document.

The circle around 401214, for the information of the committee, is explained by the note on FH exhibit 2. At the time that these documents were requested—that is FH exhibit 1A. At the time the original System 4 documents were requested back in 1986 from the security officer, he could not locate a 1985 document that contained 401214 as the system number. He believed those documents had been destroyed and he so advised on his note.

Subsequently, during the course of this investigation, Mr. Chairman, a document bearing that number was located in the files of the NSC except it was a 1984 memorandum. When the documents had been requested, the security officer did not look in the 1984 files. That document is a December 4, 1984, memo from Colonel North to Mr. McFarlane which has been previously marked in this hearing as Gaston Sigur exhibit 1, and it is the memo in which Colonel North recounts a meeting at the Cosmos Club with a military representative of Country Number Four.

That accounts for all the documents, Ms. Hall, that were listed on McFarlane's handwritten note.

During the course of our work, however, we came upon another document you will recall that we showed you which appears also to have been altered; is that correct?

Ms. HALL. Yes, sir.

Mr. BELNICK. Would you look then at exhibit 6?

Exhibit 6 is a document dated May 31, 1985, system number 400564, which does not appear on the McFarlane handwritten list and it is entitled "The Nicaraguan Resistance: Near-Term Outlook," from North to McFarlane. The document contains, as its title suggests, a description by North of how the Nicaraguan Resistance is doing at that time and what its prospects are.

On the last page of the document, directly before the recommendation, the sentence appears, "The only portion of current activity which will be sustained as it has since last June, will be the delivery of lethal supplies."

You see that on the document?

Ms. HALL. Yes.

Mr. BELNICK. Would you now turn to exhibit 6A?

It bears the same System 4 security number, the same date, and you will notice that the first page is on the letterhead that was in use in 1985 but not in 1986, correct, Miss Hall?

Ms. HALL. Yes, sir.

Mr. BELNICK. We have compared it. The first two pages of exhibit 6A are identical to the first two pages of exhibit 6. The changes come on the last page, and the striking change on the last page is that the sentence which I read which refers to lethal assistance has been deleted, correct?

Ms. HALL. Yes, sir.

Mr. BELNICK. And there is also a sentence higher on the page in the first full paragraph which has been changed. On the original of the document, that sentence refers to a series of meetings with Rivera and his representatives and subsequent meetings with another Contra leader named Steadman Fagoth.

In 6A the reference is simply to a series of meetings with Steadman Fagoth, but nothing to do with the meeting with Rivera, correct?

Ms. HALL. Yes, sir.

Mr. BELNICK. Do you have any recollection, Miss Hall, when you revised this document?

Ms. HALL. I don't have an independent recollection, but I know from our talks that I think we have determined that it was probably done in 1985 when the letterhead was still in existence.

Mr. BELNICK. And I've refreshed you with Mr. McFarlane's testimony, at this hearing, page 189 the May 11 transcript, in which he described reviewing various documents with Colonel North in the late fall or—the late summer or early fall of 1985 in connection with the congressional inquiries, right?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And he was describing, talking to Colonel North about the documents being unclear—that Colonel North's intent might be misread, and Mr. McFarlane testified that he—Colonel North—just said "you are misreading my intent and I can make it reflect what I have said if this is ambiguous to you, and I"—that is, Mr. McFarlane—"said all right, do that." Continuing—"within the matter of a day or two, he—Colonel North—returned to my office and he had two single pages. One of them was the same text, or close to it, of the first page of the memorandum——"

As far as we have been able to tell, Miss Hall, the first page of 6A is the same as the first page of 6, correct?

Ms. **Hall**. Yes.

Mr. **Belnick**. Mr. McFarlane continued that the other piece of paper Mr. North returned with was the last page of a memorandum and the last page of 6A is where we found the changes; correct?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. So from hearing that testimony, your general recollection, although you don't recall independently, is that this document probably was changed around the fall of 1985 or sometime thereafter?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. But not on November 21, 1986?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. That completes the testimony on those documents.

Ms. Hall, on the same day as you were asked to make the changes that we've reviewed in 1986, November 21, you said before that your work on those documents probably was interrupted by the shredding; correct?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And you do recall that shredding of documents occurred in Suite 302 on that day?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Tell us how it began and when it began?

Ms. **Hall**. To the best of my recollection it was early evening. I don't have a clear recollection of how it started. I believe that I probably—Colonel North probably opened the five-drawer safe and began to pull items from it and I joined him in an effort so that he would not have to—wasting his time shredding. As he pulled documents from each drawer and placed them on top of the shredder, I inserted them into the shredder.

At the same time, I asked him if I could go ahead and shred the PROF notes and phone logs. He acknowledged I should go ahead and do that, and I did so.

Mr. **Belnick**. Approximately what time did this begin on November 21?

Ms. **Hall**. My recollection is early evening, 5, 6, 7.

Mr. **Belnick**. Who else was in the office at that time apart from you and Colonel North?

Ms. **Hall**. I remember Colonel Bob Earl being in the office and I believe Jock Sharfin who shared the suite upstairs with us, who had an office in the middle, was probably going in and out.

Mr. **Belnick**. To your knowledge did Mr. Sharfin observe any of the shredding?

Ms. **Hall**. No.

Mr. **Belnick**. And he did not participate in that activity; correct?

Ms. **Hall**. That is correct, sir.

Mr. **Belnick**. Did Colonel Earl participate in the shredding activity?

Ms. **Hall**. As I recall, Colonel Earl's participation was that of—I recall him in the office carrying files and my assumption was that Colonel North probably had engaged him in pulling documents and he—my recollection is that he passed me the KL-43 messages which I have said were also shredded.

Mr. **Belnick**. He, Colonel Earl, passed you those messages to shred?

Ms. **Hall**. Yes.

Mr. **Belnick**. You were at the shredding machine, he saw you there, and he gave you the documents.

Ms. **Hall**. Yes, sir. That is my recollection.

Mr. **Belnick**. You said Colonel North was pulling the documents from the five-drawer safe. That is the safe that had previously been in his private office in 392?

Ms. **Hall**. That is correct.

Mr. **Belnick**. A safe which you had not seen opened during the entire time that you were in 302?

Ms. **Hall**. That is correct.

Mr. **Belnick**. Did you look at the documents that Colonel North was pulling to be shredded?

Ms. **Hall**. No, I didn't.

Mr. **Belnick**. Well, did you glance to see what kinds of documents they were?

Ms. **Hall**. I really didn't take notes or I was just purely doing my job. I was shredding the documents.

Mr. **Belnick**. Did Colonel North give you the documents in file-folders?

Ms. **Hall**. No, he didn't.

Mr. **Belnick**. He was just pulling documents and handing them to you to shred?

Ms. **Hall**. Yes.

Mr. **Belnick**. Did you obtain—did you notice whether any of those documents were PROF messages?

Ms. **Hall**. I said before, sir, that I shredded an entire file of PROF messages.

Mr. **Belnick**. Those were PROF messages you pulled out from your files?

Ms. **Hall**. Yes.

Mr. **Belnick**. Did there come a time while Colonel North was pulling documents that he came across a letter from Felix Rodriguez?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Did he make a comment about that letter?

Ms. **Hall**. Yes, he did.

Mr. **Belnick**. What did he say?

Ms. **Hall**. My recollection is he said something to the effect that they will have fun with this and he tossed it back in the safe.

Mr. **Belnick**. He said they will have fun with this?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And he threw the document back into the safe.

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Do you know who he was referring to when he said "they will have fun with this"?

Ms. **Hall**. No, and I would like to state I don't know exactly those were his words.

Mr. **Belnick**. That is what you recall?

Ms. **Hall**. Yes.

Mr. **Belnick**. Were documents pulled from anywhere other than the five-drawer safe and your files to be shredded?

Ms. **Hall**. I am not sure, sir. As I said, I think Colonel Earl passed me KL-43 messages pulled from separate files. I don't believe they came from the five-drawer safe.

Mr. **Belnick**. How would you describe the quantity of documents shredded in feet?

Ms. **Hall**. Maybe a foot-and-a-half.

Mr. **Belnick**. How long did the shredding go on?

Ms. **Hall**. Possibly a half hour.

Mr. **Belnick**. You said before you came over and started to help Colonel North. You aren't meaning to imply that the shredding was your idea?

Ms. **Hall**. No, sir.

Mr. **Belnick**. Colonel North had already begun that process; correct?

Ms. **Hall**. That is my recollection.

Mr. **Belnick**. And you assisted him; correct?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. He didn't send you away and say I don't want you involved in this?

Ms. **Hall**. No, sir.

Mr. **Belnick**. OK. Do you recall whether any of the documents you shredded were NSC System 4 memoranda of the type that we have looked at today?

Ms. **Hall**. I don't recall.

Mr. **Belnick**. Do you recall whether there were any memos to the President among the documents you were asked to shred?

Ms. **Hall**. I don't recall, sir. I did not shred individually packages, I shredded 12, 15, 18 pages at once.

Mr. **Belnick**. Did there come a point during shredding the quantity became so great the machine jammed?

Ms. **Hall**. I believe it did. The bag had become full and as I was shredding it comes into a tunnel and jammed, yes.

Mr. **Belnick**. What did you do?

Ms. **Hall**. I placed a call to the Crisis Management Center, and a gentleman by the name of J.R. came over, and he shook the bag and the shredding material fell, and he reversed the switch and also touched a button, much as you might on a garbage disposal and the machine un-jammed and he removed the bag and I believe a new bag was placed in.

Mr. **Belnick**. Had that ever happened before during your time in Colonel North's office that the shredding machine jammed?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. When was that?

Ms. **Hall**. On several occasions.

Mr. **Belnick**. Had you ever shredded documents in such quantity?

Ms. **Hall**. No, sir.

Mr. **Belnick**. Was shredding documents in that quantity a normal part of the routine in suite 392 or suite 302?

Ms. **Hall**. Shredding was the normal process, but I would not say it was at that volume, no.

Mr. **Belnick**. What did you ordinarily shred when documents were shred in Colonel North's office?

Ms. **Hall**. Sensitive, if a document was typed or not used, it was sensitive, I would shred it. It was used for sensitive materials and also used according to the location of the shredder.

We used a burn bag and a shredder. If you were close to a shredder, you shredded something. If you were close to a burn bag, you put it in the burn bag.

Mr. **Belnick**. It was an occasional document or one as the spirit moved to be shredded, correct?

Ms. **Hall**. Yes.

Mr. **Belnick**. There had never before been an organized program of shredding on any occasion like the one that occurred on November 21, 1986, right?

Ms. **Hall**. That is correct.

Mr. **Belnick**. When you left the office was Colonel North still there on November 21?

Ms. **Hall**. I don't recall. We might have all walked out together, I don't recall.

Mr. **Belnick**. Do you recall Colonel North leaving for a meeting which you understand was to be with Tom Green before you left the office?

Ms. **Hall**. I don't recall. I think my recollection is probably blurry. As we noticed on the calendar on November 21, Colonel North had an appointment with Tom Green at 5:30 and I had recalled, to my best recollection, that the shredding process took place in the early evening, 6 or 7. I believe there is a conflict there.

It could be the shredding took place earlier. Colonel North went to the meeting and he left that evening and I left following that.

Mr. **Belnick**. Did you come to work at all over the weekend, November 22, November 23?

Ms. **Hall**. No, sir.

Mr. **Belnick**. Did you speak to Colonel North during that weekend?

Ms. **Hall**. No, sir.

Mr. **Belnick**. Did you come to work as usual on Monday morning, November 24?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Did you have a conversation with Colonel North on that Monday morning shortly after you arrived at work?

Ms. **Hall**. I walked in the office, popped my head in the door and asked him how his weekend was, and he said, "It was lousy. I was in here with the Justice Department all weekend, and——"

Mr. **Belnick**. That was the extent of conversation?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Did Colonel North tell you any details of his encounter with any of the Justice Department officials during that weekend?

Ms. **Hall**. No, sir.

Mr. **Belnick**. Did he tell you they had found a document which had disturbed him?

Ms. **Hall**. No, sir.

Mr. **Belnick**. Did Colonel North at any point up until then tell you not to mention anything about what had transpired on Friday, November 21?

Ms. **Hall**. No, sir.

Mr. **Belnick**. But you understood from the circumstances that that was a subject you weren't supposed to talk about?

Ms. **Hall**. I understood every part of my job to be that way, sir.

Mr. **Belnick**. Including the shredding of documents and the altering of documents, right?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. On November 25, the next day, Tuesday, do you recall speaking to Colonel North before the Attorney General's press conference?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. What did Colonel North say to you?

Ms. **Hall**. It was shortly before noon, and there came a time when the conversation started between us and he I believe was in his office. I was sitting at my desk and he commented the President had fired him. I said, "Ollie, come on." He said, "No, I'm serious." I became emotional. As a matter of fact, I started crying. I was very upset.

Mr. **Belnick**. Did Colonel North tell you why he had been fired?

Ms. **Hall**. No, sir.

Mr. **Belnick**. You then watched the Attorney General's press conference?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And you recall watching that inside Colonel North's office?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. After the press conference was over, you went to lunch.

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. When you returned from lunch, was Colonel North in the office?

Ms. **Hall**. I don't recall that he was.

Mr. **Belnick**. Had he left you a number where he could be reached?

Ms. **Hall**. No, sir.

Mr. **Belnick**. Was there a time on November 25 when Colonel North did give you a telephone number where he could be reached?

Ms. **Hall**. I believe that he called the office and I asked him for a number where he was.

Mr. **Belnick**. And he gave you a number?

Ms. **Hall**. Yes.

Mr. **Belnick**. And was that his home number?

Ms. **Hall**. No, sir.

Mr. **Belnick**. Was it a number you recognized at the time?

Ms. **Hall**. No.

Mr. **Belnick**. Did you subsequently during the day learn that it was the number of a hotel?

Ms. **Hall**. I knew at the time it was the number of a hotel because he gave me an extension.

Mr. **Belnick**. Did you know which hotel?

Ms. **Hall**. No, I didn't.

Mr. **Belnick**. And you can't recall now which hotel it was?

Ms. **Hall**. I don't believe I ever knew.

Mr. **Belnick**. Sometime in the afternoon did you receive a telephone call from the White House operator?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Would you tell us about that call?

Ms. **Hall**. Sometime late afternoon, the phone rang, I answered it, it was the White House operator saying the President would like to speak with Colonel North. I asked her if she would hold for a moment. I placed a call to the hotel and told him the President would like to speak with him and I was going to go ahead and give the operator the number and have her call. He said yes, and I did so.

Mr. **Belnick**. Did you subsequently learn from Colonel North whether he had spoken to the President?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And what did Colonel North tell you about his phone call with the President?

Ms. **Hall**. He said the President called him an American hero and that he just didn't know.

Mr. **Belnick**. The President said that he, the President, just didn't know?

Ms. **Hall**. That's what I recall Colonel North saying.

Mr. **Belnick**. Did Colonel North explain what he understood that reference to mean?

Ms. **Hall**. No, sir.

Mr. **Belnick**. You didn't ask about it?

Ms. **Hall**. No, sir.

Mr. **Belnick**. In the afternoon of November 25, the same day as the Attorney General's press conference, do you recall that Colonel North's office was sealed by the NSC staff?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. That was under the direction of Brenda Reger who is the NSC officer in charge of Freedom of Information Act requests?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Ms. Reger and her assistants in addition to sealing the office were boxing up documents; correct, Ms. Hall?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. And you overheard Commander Coy and Lt. Col. Earl discussing how they were going to be able to work without their files?

Ms. HALL. Yes, sir.

Mr. BELNICK. What did you do at that point?

Ms. HALL. I realized that I had not had a chance to complete a lot of current filing. I, in fact, had a stack probably six inches high, or more, and I pulled the file from the left-hand corner of my desk and began to separate it into categories to be filed so they could pull the files and be able to see the material. In doing so, I came across the original altered documents I had not completed the process and, in fact, before that had forgotten.

Mr. BELNICK. Let's stop there for a moment. This goes back to the testimony you gave earlier. You had prepared new documents, you had altered documents, you hadn't had a chance to substitute those copies for the original copies. You were interrupted so you put them in the file on your desk in an accordian-type folder, right?

Ms. HALL. Yes. And I would like to say to people that at the time I did not know what was going to be happening to Colonel North. I had no idea he would be fired. I had no idea the real extent of the urgency of that process.

In fact, it occurred on a Friday when I was interrupted and he came in, had a weekend and came into the office on Monday and was very busy and I forgot.

Mr. BELNICK. So you had put the documents in your desk file and as you say, you forgot about them?

Ms. HALL. Yes.

Mr. BELNICK. Now, in looking through that file on November 25 in the afternoon, you found the documents?

Ms. HALL. Yes, sir.

Mr. BELNICK. The altered documents, and that concerned you.

Ms. HALL. Yes, sir.

Mr. BELNICK. Did you find other things that concerned you in your desk file?

Ms. HALL. I found some PROF notes, the kind——

Mr. BELNICK. What——

Ms. HALL. Shredded. All PROF notes had been shredded prior to that.

Mr. BELNICK. The PROF notes you found were the same type that had been shredded on that day?

Ms. HALL. They were PROF notes, yes.

Mr. BELNICK. Did you find anything else?

Ms. HALL. Minutes of the Tehran meeting in May of 1986.

Mr. BELNICK. How did you happen to have those minutes?

Ms. HALL. I had seen a copy and pulled it so that I might have hopefully an opportunity to sit down and read and maybe understand the process a little more.

I thought the minutes would reveal the understanding of what——

Mr. BELNICK. So now you had found the minutes of the Tehran meeting, copies of PROF notes and the documents you had altered on Friday. You were concerned. Why?

Ms. HALL. I was very much emotional at the time and I was concerned about protecting the initiative of—the initiative, the Iran initiative and the Contra initiative.

Mr. **Belnick**. And you knew that certain of those documents had been the same kinds of documents that Colonel North was having shredded on Friday?

Ms. **Hall**. I don't know that they were similar. I myself found that the minutes would, I thought, be revealing and PROF notes for personal communications and thoughts between two people that I didn't, you know——

Mr. **Belnick**. And the other were the documents that you had changed?

Ms. **Hall**. Yes.

Mr. **Belnick**. Did you call Colonel North?

Ms. **Hall**. Yes, I did.

Mr. **Belnick**. And what did you say to him?

Ms. **Hall**. I called Colonel North because Brenda Reger and her assistant Bill Van Horn at the time indicated they were going to be closing up, and I became panicked at the fact that I had discovered these and they were going to be closing up, and I didn't know what to do. So I called him and told them Brenda Reger was there closing the office and would he please come back, and he said, No, you know, there is really no need.

I said, "No,"—I whispered in a very low whisper so Brenda Reger and others would not be able to hear me, that I was concerned and that he needed to come back. And I was concerned. I tried to convey to him I found the documents. I don't know whether that was conveyed or not.

I was—as I said, my voice was very low, and I don't know if he quite understood, but he understood in my voice the urgency of coming back to the office. I insisted he come back, and he did so.

Mr. **Belnick**. You tried to signal him that the problem was documents and that is why he had to come back?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Did Colonel North tell you to clear someone else into the Old Executive Office Building with him for a return trip?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Who did he tell you to clear in?

Ms. **Hall**. Tom Green.

Mr. **Belnick**. And did he tell you why Tom Green would be coming with him?

Ms. **Hall**. No.

Mr. **Belnick**. You did clear Colonel North and Tom Green for entry, correct?

Ms. **Hall**. Yes.

Mr. **Belnick**. And what did you do after you finished talking to Colonel North and after he told you that he would be coming back to the office with Mr. Green?

Ms. **Hall**. I am sorry. Could you repeat the question?

Mr. **Belnick**. After your discussion with Colonel North, what did you do in connection with the documents that you had found that were of concern to you?

Ms. **Hall**. I believe I left the original altered documents downstairs and took—as I said before, I had started to Xerox the altered originals and had been interrupted, and I believe there was a few copies of those altered originals. I took them, the minutes, and the PROF notes, and a stack of other filings that would not look conspicuous upstairs and sat at a table outside of Craig Coy's office and began to pull the PROF notes and the minutes, and I believe at that time I probably took the altered copies, copies of the altered documents, folded them and placed them inside my boots.

I was very nervous since I was outside and I could be seen, and I wanted to do it very quickly, and so out of a panic I ran into Colonel Earl's office and asked him if he would help me pull the PROF notes from the pile, and he did so.

At that time, I did not tell him about the altered documents or the Tehran minutes, only the PROF notes. The PROF notes were folded and he was going to take them and put them in his jacket, and I turned to him and said, "No, you shouldn't have to do this. I will do it," and he returned the PROF notes, and I put them in the back, in my back, and turned to him.

The door was left open, and I asked him to watch the door as I did this, and then when I had completed putting the documents in my back, I turned to him and asked if he could see any, and he said, "No."

At that point, I believe we walked downstairs, and I think just about that time Colonel North and Tom Green entered the office, the phone rang.

Mr. **Belnick**. Did Colonel Earl go downstairs with you?

Ms. **Hall**. I believe so.

Mr. **Belnick**. And you were now carrying all of the documents on your person?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. You saw Colonel North and Tom Green downstairs?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Colonel North went in to take a telephone call in his private office?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Did you follow him in?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Did you speak to him?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. What did you say?

Ms. **Hall**. I asked if he could see anything in my back, and he said, "No."

Mr. **Belnick**. And did you indicate that you wanted to give him something at that time?

Ms. **Hall**. No.

Mr. **Belnick**. You then came out and prepared with Colonel North and Mr. Green to leave the office; is that correct?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Was Brenda Reger inspecting all briefcases people were carrying as people left the office?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**.Was Colonel North carrying a briefcase?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Did she inspect it?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. Was Mr. Green carrying a briefcase?

Ms. **Hall**. I don't recall.

Mr. BELNICK. Whoever was carrying a briefcase she looked at it before it got out of 302, right?

Ms. HALL. Yes, sir.

Mr. BELNICK. When you reached the corridor outside 302, did you indicate to Colonel North something concerning the documents that you had with you?

Ms. HALL. Yes. I indicated with a gesture or words that I wanted to give him the documents, and he said—he turned to me and said, "No, just wait until we get outside," and we went down the elevator, exited the Old Executive Office Building on 17th St., and again I indicated with a word or gesture that I wanted to pass the documents, and Tom Green said, "No, wait until we get inside the car."

We crossed 17th St., got in Tom Green's car on G St., took off, and I started pulling the documents from my boots, pulled them from my back, indicated to Colonel North, I believe at this time, I had not completed the process of replacing the altered documents in the files and that I had started the Xeroxing, but I had, in fact, left the originals in the office.

As we turned the corner, Tom Green was dropping us both off at the parking lot where our cars were parked. Tom Green turned to me and asked me if I was asked about shredding what would I say, and I said, "We shred every day." And he said, "Good."

We said good night, got out of the car, and went home.

Mr. BELNICK. The response, "We shred every day," might literally be true in the sense, as you testified, the documents were shredded from time to time, right?

Ms. HALL. Yes, sir.

Mr. BELNICK. But it would have been untrue if it were meant to describe activities such as that you had engaged in on November 21, right?

Ms. HALL. Yes, sir.

Mr. BELNICK. This was in Mr. Green's car?

Ms. HALL. Yes, sir.

Mr. BELNICK. You passed the documents to Colonel North in that car?

Ms. HALL. Yes, sir.

Mr. BELNICK. And Mr. Green was at the driver's seat when that happened?

Ms. HALL. Yes, sir.

Mr. BELNICK. That was on November 25, 1986?

Ms. HALL. Yes, sir.

Mr. BELNICK. Mr. Chairman, as the committees are aware, and I would just point out for the record that Tom Green has advised the committees that he ceased representing Colonel North on the next morning, November 26, 1986. The next day was November 26, 1986. It was a Wednesday.

As I understand from our talks, you came to work on that day and took messages for Colonel North, but nothing out of the ordinary occurred, as best you recall.

Ms. HALL. Yes, sir.

Mr. BELNICK. Do you recall either on that day or sometime on the 25th advising Commander Coy that you had shredded documents the prior Friday?

Ms. HALL. No, sir.

Mr. Belnick. Thursday, November 27, was Thanksgiving. Did you receive a call on that day from a lawyer working with White House counsel?

Ms. Hall. Yes, I did.

Mr. Belnick. Would you please describe that call for the committees?

Ms. Hall. I believe it was Jay Stevens from White House counsel called, I assume in response to the press reports, there had been a shredding incident in Colonel North's office, and he asked me what I knew about it, and I told him that we shred every day, and I led him to believe that there was nothing unusual about what had occurred.

Mr. Belnick. You misled him?

Ms. Hall. Yes, sir.

Mr. Belnick. On Friday, November 28, the day after Thanksgiving, did you go to the office of Colonel North's attorney to deliver messages for Colonel North?

Ms. Hall. I believe I did, sir.

Mr. Belnick. That was the office of Mr. Brendan Sullivan, who was then representing Colonel North?

Ms. Hall. Yes, sir.

Mr. Belnick. What happened during your visit to Mr. Sullivan's office on that day?

Ms. Hall. Colonel North introduced me to Brendan Sullivan and said he was his attorney, and I passed the messages that I had from friends and fans of Colonel North's to him, and Brendan turned to me and asked if I would mind sitting down and talking to him—they would be interviewing hundreds of friends and associates regarding Colonel North—and I obliged.

Mr. Belnick. Did you tell Mr. Sullivan on that occasion about the shredding?

Ms. Hall. No, I didn't.

I would like to say Colonel North at that time motioned that everything was fine, talk to Brendan, tell him the truth, tell him everything you know, it is fine. At the time I was still in a protective mode and, when I talked to Mr. Sullivan, I wasn't sure exactly what I was supposed to say. I told him that I shredded some PROFs notes and phone logs. I did not tell him we shredded all of them, and that was to the extent——

Mr. Belnick. You didn't talk to Mr. Sullivan on that day about the alteration or the removal of the documents?

Ms. Hall. No, sir.

Mr. Belnick. You came back to the office and I understand when you returned Commander Coy told you the FBI wanted to interview you that coming weekend, correct?

Ms. Hall. I believe I became aware of that when I was leaving the office. I was in the mail room and Commander Coy walked in the door and said, "Oh, here she is." I was introduced to two FBI agents at that time.

Mr. Belnick. Did you leave the office with Lt. Col. Earl on November 28?

Ms. Hall. I'm not sure if all three of us left together or if just Colonel Earl left with me, but I did end up being with Colonel Earl in the parking lot that evening.

Mr. **Belnick**. Just the two of you?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. What was your conversation?

Ms. **Hall**. We had a conversation to the effect that during our being investigated by the FBI, we would not discuss the fact I had removed documents from the office.

Mr. **Belnick**. Both of you agreed neither of you would disclose that, right?

Ms. **Hall**. Yes, sir.

Mr. **Belnick**. All right.

The next day, Saturday, November 28, 1986, would you describe for the committees what happened on that day.

Ms. **Hall**. To the best of my recollection, I received a phone call from Diane Coy, who is Commander Craig Coy's wife, stating that Craig was surprised by the fact that he had learned that Colonel Earl had gotten a lawyer and that neither one of them understood—Diane or Craig—why that was, that Craig didn't feel he needed a lawyer, why did Bob feel he needed a lawyer.

And I didn't comment on any of that, and hung up the phone and called Linda Earl, who is Bob's wife, and asked to speak to him. She said he was in fact down at the Old Executive Office Building being interviewed by the FBI. I asked if it was true he had retained a lawyer. She said yes, he had become—I don't recall the word—anxious or had a little anxiety that evening and had talked to the lawyer until midnight that night.

I asked if she would mind placing a call to the Executive Office Building and ask to speak with him and have him call me. She said she would do so.

She called me back to say when she placed the call, the person that answered the phone said he was with the FBI, said he would have to call her after the interview. She called me back, relayed the message and I sat back and became very nervous. The more I sat, the nervouser I got.

I decided at that time that I should probably contact Brendan Sullivan. I needed to talk to someone. I contacted Brendan and he agreed he would see me, and I drove down to his office and disclosed at that time I had removed documents from the office, and he advised me that I should seek counsel.

Mr. **Belnick**. And you did?

Ms. **Hall**. I did.

Mr. **Belnick**. Miss Hall, have you spoken—when was the last time that you spoke to Colonel North?

Ms. **Hall**. I believe it was the night of his wife's birthday, March 9.

Mr. **Belnick**. You haven't spoken to him since then?

Ms. **Hall**. No, sir.

Mr. **Belnick**. And at no time before then or after then have you discussed with him any of the testimony you planned to give; is that correct?

Ms. **Hall**. Absolutely not.

Mr. **Belnick**. The same is true with respect to your testimony for the independent counsel and here, correct?

Ms. **Hall**. That's correct.

Mr. **Belnick**. And you have testified to the facts as you best recall them and know them?

Ms. **Hall**. That's right.

Mr. **Belnick**. I want to thank you for your testimony.

Thank you, Mr. Chairman. I have no further questions.

Chairman **Hamilton**. The joint committees will recess at this time and meet tomorrow morning at 9:30, when Miss Hall will continue as a witness. We will begin questions with Mr. Eggleston.

[Whereupon, at 5:25 p.m., the Select Committees recessed, to reconvene at 9:30 a.m., Tuesday, June 9, 1987.]

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Continued Testimony of Fawn Hall

TUESDAY, JUNE 9, 1987

House Select Committee To Investigate
Covert Arms Transactions With Iran
and
Senate Select Committee on Secret Military
Assistance to Iran and the Nicaraguan Opposition,
Washington, DC.

The Select Committees met, pursuant to call, at 9:30 a.m., in room 2172, Rayburn House Office Building, Hon. Lee H. Hamilton (chairman of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

Chairman **Hamilton**. The joint hearings of the two Select Committees will come to order.

We will proceed with questioning by counsel, Mr. Eggleston.

You may proceed.

CONTINUED TESTIMONY OF FAWN HALL, FROM JUNE 8

Mr. **Eggleston**. Thank you, Mr. Chairman.

Ms. Hall, yesterday you testified about the diversion memos, and I think that you testified that you believed you typed them sometime in the spring of 1986.

If you could turn to exhibit 8 in the book in front of you, do you have that in front of you?

Ms. **Hall**. Yes, sir.

Mr. **Eggleston**. I believe it was also your testimony that you recalled that this particular memo had been through a series of different drafts back and forth as different corrections were made.

Is that your recollection?

Ms. **Hall**. Yes, sir, it is.

Mr. **Eggleston**. And I think that you also testified that you had some recollection that Admiral Poindexter at sometime might have made corrections to this document as well.

Ms. **Hall**. That is my memory. I am not sure that it is accurate, but that is my memory.

Mr. **Eggleston**. Do you recall that this document near the end of it makes reference to the need to get the President's approval for the plan that is set forth in the particular document?

Ms. HALL. I believe it says that, sir. Just a moment.

Mr. EGGLESTON. I think it is on——

Ms. HALL. Yes, it is, sir.

Mr. EGGLESTON. OK.

This is the document that actually sets forth the diversion of some amount of money to the Contras. Do you recall that? It is on page 4.

Ms. HALL. Yes.

Mr. EGGLESTON. Let me ask you, are you familiar—there is a PROF message and it was previously provided to the committee and declassified and it was McFarlane exhibit no. 73, I think.

It is not in the book in front of you, but I would just like to read to you from this exhibit, and I think it corroborates your recollection of Admiral Poindexter's involvement in this particular memorandum.

It is a PROF note that was written from Colonel North to Mr. McFarlane on April 7, 1986, and it is relating to Mr. McFarlane the events that had taken place with a meeting between Colonel North and Ghorbanifar only a few days prior to this note.

In this PROF note, it says "Per request of JMP, have prepared a paper for our boss which lays out these arrangements."

I take it the boss of Mr. McFarlane, Admiral Poindexter, and Colonel North is likely to be the President.

Would you agree with that?

Ms. HALL. Yes, I would, sir.

Mr. EGGLESTON. Let me further tell you that document which you have in front of you as exhibit 8 is the document which the Attorney General actually found over the weekend of November 22 of 1986, and this is the document which has been provided as well to the committees pursuant to our various document requests.

If you could look at page 1, of this document, I think you have testified about the handwriting in the upper righthand corner.

In addition, about a quarter the way down the page, it reads "On September 14," and the 14 is crossed out.

Do you see that there?

Ms. HALL. Yes, sir.

Mr. EGGLESTON. And a correction is made to this particular document; is that true?

Ms. HALL. Yes, sir.

Mr. EGGLESTON. And a 13 is written above that?

Ms. HALL. Yes, sir.

Mr. EGGLESTON. Let me direct you now to exhibit 8A.

If you look at exhibit 8A and if you look at the same line to which I just directed your attention, the correction, the 14 has now been changed to a 13; is that right?

Ms. HALL. Yes, sir.

Mr. EGGLESTON. And let me also advise you that this document has been fairly recently received by the committee and that this document had actually been on your floppy disk of your computer.

Have you been told that?

Ms. HALL. I believe I have.

Mr. EGGLESTON. And this document was never provided and was apparently in no one's files, as a hard copy.

Have you been told that as well?

Ms. HALL. That it was found as a hard copy in a file?

Mr. EGGLESTON. That it was never found—a hard copy of it was never found.

Ms. HALL. I believe I have heard that, yes.

Mr. EGGLESTON. And that the only version of this that anyone has ever found was what was actually on your computer disc.

Ms. HALL. Yes.

Mr. EGGLESTON. And I guess it is also fair to say that this appears that it is a later document, the correction on exhibit 8 has now been made on to exhibit 8A; is that fair?

Ms. HALL. Yes.

Mr. EGGLESTON. And I guess you also know that no cover memo was ever found for these documents indicating a transmittal from Colonel North to Admiral Poindexter or any further transmittal of this document on to the President; is that correct?

Ms. HALL. Yes, sir.

Mr. EGGLESTON. You have testified that Admiral Poindexter made various changes on this document.

I take it that the changes that you recall—you do not recall him responding to this document that, "The idea is crazy," that "We can't do this."

The changes he made would be textual changes; is that correct?

Ms. HALL. That is correct.

Mr. EGGLESTON. So he never returned the document suggesting that this policy or plan should not be pursued?

Ms. HALL. That is correct.

Mr. EGGLESTON. Ms. Hall, let me move quickly to another area.

I was struck yesterday in your testimony about one particular aspect; let me just ask you some questions about that.

Is it fair to say that at the time on November 21 when you received the altered original documents or the original documents from Colonel North that you received this as an ordinary secretarial assignment, he simply handed you the documents; that there were changes on them and that you anticipated that you were to make the changes?

Ms. HALL. Yes.

Mr. EGGLESTON. Is that fair?

Ms. HALL. Yes.

Mr. EGGLESTON. He did not discuss with you at that time what it was that he was planning to do?

Ms. HALL. That is correct.

Mr. EGGLESTON. And he did not discuss with you the gravity of making changes on original System 4 documents?

Ms. HALL. No, he did not.

Mr. EGGLESTON. I think that you testified yesterday that at the time he placed these in front of you, you were somewhat uneasy.

Ms. HALL. That is true.

Mr. EGGLESTON. And you made the changes and the corrections because, you recall, you trusted Colonel North and you believed that what he would be doing was right; is that fair?

Ms. HALL. That is correct.

Mr. EGGLESTON. And after making these alterations and after doing the various copies, I think it was your testimony that you recall that you may have been interrupted at a time when Colonel

North was standing at the shredder and shredding various documents.

Ms. **Hall**. Yes, I believe that—that is my memory.

Mr. **Eggleston**. OK. And as a secretary, you saw your boss shredding documents, I take it you thought this was something that was more appropriate for a secretary to do rather than for Colonel North, and as a result, you offered to help him.

Ms. **Hall**. That is correct.

Mr. **Eggleston**. Did he at that time tell you that this was something you should not get involved in?

Ms. **Hall**. No.

Mr. **Eggleston**. He didn't tell you, "Fawn," or "Ms. Hall," whatever he called you, "go home, don't worry about this, this is nothing you should have anything to do with?"

Ms. **Hall**. No. I was part of the team.

Mr. **Eggleston**. So he permitted you to participate with him in shredding this stack of documents?

Ms. **Hall**. Yes, sir.

Mr. **Eggleston**. Let me now just move to November 25. I take it you have testified that you watched the press conference, you had lunch, you came back from lunch, there came a time when Brenda Reger, the NSC security officer, was packing up the office, putting boxes away, at that time you recognized or saw that these altered documents and the copies of them were still on top of your desk?

Ms. **Hall**. That is correct.

Mr. **Eggleston**. And this caused you some concern, and there comes a time when you communicate with Colonel North, and I think that you testified that in your time that you called him you attempted to convey to him that there was a problem with the documents.

Ms. **Hall**. I attempted to convey to him that there was a problem with documents, yes. As I testified before, I was talking in a whisper and not really saying anything over the phone. I mean, in graphic terms. It was—it was very, sort of vague, but I was trying by the tone of my voice to get across that there was some urgency and that I insisted that he come back.

Mr. **Eggleston**. In any event, you at least conveyed there was something going on in the office and that he simply had to return.

Ms. **Hall**. Yes, I did.

Mr. **Eggleston**. After that conversation, you go upstairs and secrete the documents about your person, and about that time Colonel North does show up?

Ms. **Hall**. That is correct.

Mr. **Eggleston**. You had a conversation with him inside of his office?

Ms. **Hall**. Yes.

Mr. **Eggleston**. And did you indicate to him at that time that you had documents in your back?

Ms. **Hall**. Yes, I did. I don't think I indicated to him that they were in my boots, but I did turn slightly and say, "Do you notice that I have them in here; can you tell? I'm unable to see that I have these in my back." That was the idea, and he said, "No".

Mr. **Eggleston**. You knew at that time that if you were to leave the room that Ms. Reger would be checking briefcases to be sure that documents would not be taken out of the room.

Ms. **Hall**. Yes, sir.

Mr. **Eggleston**. I take it Colonel North knew that as well?

Ms. **Hall**. Colonel North, yes, would have his briefcase checked, yes.

Mr. **Eggleston**. So when these documents were actually taken out of the room and past the security check point, if you will, it was you who actually took them out?

Ms. **Hall**. That is correct.

Mr. **Eggleston**. But Colonel North knew that you were going to take these documents out?

Ms. **Hall**. He knew I had documents that I was taking out, yes.

Mr. **Eggleston**. And if someone was going to be stopped at the exit of that office, it was going to be you, not Colonel North?

Ms. **Hall**. Yes.

Mr. **Eggleston**. At the elevator on the third floor, as you were getting ready to leave the building, did you at that time attempt to give him the documents or once again indicate that you wanted to get rid of them?

Ms. **Hall**. Yes, I did. As I have said, I motioned, I don't remember the gesture or word, that I was going to give them to him, and he said "Why don't we just wait until we get outside?"

Mr. **Eggleston**. So, again, it was you who actually carried the documents outside the building?

Ms. **Hall**. Yes, sir.

Mr. **Eggleston**. And it was because he told you, "No, you keep them until we get outside." It was not until you arrived at the car that the documents were actually transferred over to Colonel North, is that right?

Ms. **Hall**. That is correct.

Mr. **Eggleston**. Thank you very much, Mr. Chairman. I have nothing further.

Chairman **Hamilton**. Mr. Van Cleve.

Mr. **Van Cleve**. Thank you, Mr. Chairman.

Ms. Hall, I have only a couple of questions.

Would you please refer to committee exhibit 8, FH-8. You testified that on the afternoon of November 21, 1986, Colonel North gave you a group of documents that had been marked up and asked you to make a series of alterations and changes in them; is that correct?

Ms. **Hall**. Yes, sir.

Mr. **Van Cleve**. To the best of your recollection was this document or any form of this document among the documents that Colonel North asked you to alter that day?

Ms. **Hall**. No, sir.

Mr. **Van Cleve**. And would your answer be the same as to committee exhibit 8A?

Ms. **Hall**. Yes, sir.

Mr. **Van Cleve**. And is your recollection on that point clear?

Ms. **Hall**. Yes, sir.

Mr. **Van Cleve**. Thank you.

No further questions, Mr. Chairman.

Chairman **Hamilton**. We will begin under the 15-minute rule with the principal questioners.

Senator Boren.

Mr. **Boren**. Thank you very much, Mr. Chairman.

Ms. Hall, we appreciate very much the candor of your testimony yesterday and the thoroughness of your testimony and I will do my best not to duplicate the questions that were asked of you yesterday, but there are just a few items I would like to go back over with you this morning.

Ms. **Hall**. OK.

Mr. **Boren**. You testified that during the day on November 21 when you were working on altering the documents and later when you were shredding some of the documents or assisting Colonel North in doing so, that you became increasingly uneasy during this period of time.

Ms. **Hall**. I don't know that I became increasingly uneasy, sir. I think I testified that I was uneasy when Colonel North asked me to alter the documents and I think you could say that I became increasingly busy.

Mr. **Boren**. Yes. That was clear. Why were you uneasy?

Ms. **Hall**. I was initially—I initially had a moment of uneasiness when he asked me to alter the documents because in fact they were completed actions that had gone to a person and had an action taken and to change the content of a memorandum that had already been approved was something I was uneasy with.

But again, I had that moment of uneasiness, it passed because, as I said before, I believed strongly in Colonel North, I believe him to be an honest, fair and good person with good motives.

Mr. **Boren**. You felt he simply wouldn't have asked you to have done anything if it had been improper?

Ms. **Hall**. Correct.

Mr. **Boren**. Now, on the day of Tuesday, the day of the press conference, you indicated that Colonel North came back to the office and he indicated to you that he had been fired by the President?

Ms. **Hall**. Yes, sir.

Mr. **Boren**. And then you watched the press conference together. Was there anyone else there besides the two of you watching the press conference?

Ms. **Hall**. Yes, sir. A friend of Colonel North's and ours had been in the building, and I assume to visit someone else, and he, probably unknowing what was going to happen also, just happened to tap on the door and came in and his name is Bill Kernan.

He works for Rossman and he was a friend and wanted to shake his hand and say hello and, in fact, the press conference started.

He joined us in the office and I believe Colonel Earl and possibly Craig Coy were in the office, also.

Mr. **Boren**. How did the group and how did Colonel North react to the press conference as you were watching it?

Ms. **Hall**. We all watched it. I, frankly, was stunned. Colonel North didn't really show any emotion. I mean, he—I believe he was probably from my knowing him disappointed, but also, I believe, I don't know if it has come out, but Colonel North, I have come to know, he had offered his resignation, also. I think he probably was disappointed in the fact that he was fired rather than his resignation being accepted. But he didn't get angry, he didn't bang the table, didn't get upset, didn't say bad words, he just took it.

Mr. **Boren**. Did Colonel North indicate to you that he had offered his resignation?

Ms. **Hall**. I can't remember if he had or not. I think it might have come out that morning that he had. I think it probably came out when he mentioned the President fired him. But as I said before, he never showed any anger toward the President or—I think my only knowing him, I'm sure he must have been disappointed.

Mr. **Boren**. Did he leave before you left—you said you went to lunch with a friend that day in the White House mess.

Ms. **Hall**. It was a special occasion. I had invited a good friend of mine for lunch. It was unusual, in fact, I never hardly went to lunch, but this was a special occasion and I hadn't expected that event to occur that day. And Colonel North—I was very upset and I said I was going to cancel lunch, I couldn't think straight, and he said no, don't let this get you, this is a special day, you should go. He insisted that I go and I did so. I believe that he was gone when I returned.

Mr. **Boren**. Then what time did the representatives of the security staff come to, in essence, seal the office?

Ms. **Hall**. My recollection, it was in the late afternoon. I could be wrong. I think it was around possibly 4:00.

Mr. **Boren**. So they had been there a while when you reached Colonel North on the telephone?

Ms. **Hall**. Yes, sir.

Mr. **Boren**. And then it took a while for him to come on over, they were there sealing the office and——

Ms. **Hall**. I don't think he planned to return to the office. As I said before, I placed the call when I realized that Brenda Reger and the others were going to, in fact, close up for the evening and I had discovered the altered documents and the others that I have mentioned, and I needed to talk to him. I needed to know, you know, for him to come back.

Mr. **Boren**. Were you at all concerned—you mentioned then getting the documents once he got there and the three of you—Colonel North and Mr. Green, yourself—leaving the building.

Were you at all concerned at that point, since at that point in time you knew the President had dismissed Colonel North, you knew they were attempting to seal the office, obviously to secure the documents—were you at all concerned yourself about placing yourself in any jeopardy to be taking the documents out at that point?

Ms. **Hall**. Sir, I was emotionally distraught at the time. I was with a positive mind, as I said before, talking about what to do and also to protect what we were doing in the office, and I believed in the Iran initiative and the Contra initiative and I thought that exposure of it would have bad ramifications.

And, again, I was emotional and I don't think I realized at the time the ramifications or the seriousness of my actions.

Mr. **Boren**. That is understandable.

As you were leaving the building, you first made a gesture or some sign out in the corridor that you wanted to give the documents back to Colonel North, he said not yet, as I recall.

Ms. **Hall**. Yes, sir.

Mr. **Boren**. Then you got outside and I believe you were walking along outside the building, at which point in time you again attempted to give the documents back, and I believe it was Mr. Green at that point, was it, who said wait until we get in the car?

Ms. **Hall**. Yes, sir. I probably—believe those two statements were made as if I had brought them out in the middle of the hallway perhaps someone could walk by, or if I brought them out in the middle of the street someone could have observed it, and it was a way to get in the car so no one could observe what I was doing.

Mr. **Boren**. So Colonel North and Mr. Green were both anxious that you not take them out in front of other people that you wait until——

Ms. **Hall**. I didn't know if the word is anxious; they were not frantic. They said wait until we get inside the car.

Mr. **Boren**. When you got into the car, you handed the documents over to Colonel North?

Ms. **Hall**. Correct.

Mr. **Boren**. And during this time did Mr. Green indicate to you that you should not be taking these documents out?

Ms. **Hall**. No, sir. Mr. Green didn't comment on any of what was going on except, as I said, later about the shredding.

Mr. **Boren**. And he also said wait until we get in the car? That was his only other comment?

Ms. **Hall**. Yes, sir.

Mr. **Boren**. So he didn't in any case indicate to you, he didn't say anything to you like "Ms. Hall, as a lawyer, I should tell you that you might be in some jeopardy for taking these documents out," or "you should take them back and turn them back over to the security director."

Did he give you any kind of advice at all about taking the document back?

Ms. **Hall**. No, sir.

Mr. **Boren**. Now, he also discussed with you, I believe at the same time, in the car at the same time, after you were giving the document to Colonel North, he did discuss the shredding with you, didn't he—that is, Mr. Green?

Ms. **Hall**. Yes sir.

Mr. **Boren**. And he asked you what you were going to say if you were asked about them, is that correct?

Ms. **Hall** Yes.

Mr. **Boren**. And you said just that "we always shred documents."

Ms. **Hall**. Yes.

Mr. **Boren**. Which you knew in essence was not quite an accurate reflection because you had never really wholesale shredded documents, taking whole files out and shredding them? Before, you just shred things in the normal course of business?

Ms. **Hall**. We never shredded to the volume we had that day, no.

Mr. **Boren**. And Mr. Green indicated that he would be pleased with that answer, is that correct?

Ms. Hall. I believe he did. I am not sure of his exact words but I believe he said, "that is great," or "that is good."

Mr. Boren. I think you said yesterday, he said, "good" when you said that?

Ms. Hall. Yes.

Mr. Boren. When the representative—I believe Mr. Stevens of the White House Counsel's office called you, I believe it was on Thanksgiving Day——

Ms. Hall. That is correct.

Mr. Boren. —and asked you about the shredding. You gave the very same answer to him that you had told Mr. Green you would give. That is, that you just normally shredded documents?

Ms. Hall. Yes, sir. I probably would have said that regardless of whether Mr. Green had said that to me or not. I was still very much in the protective mode.

Mr. Boren. But it was consistent with what you told Mr. Green and his approval of that kind of an answer he said "good" or indicated to you that that was a good answer?

Ms. Hall. Yes, sir.

Mr. Boren. But I want to ask you just one more time, because while Colonel North was not a lawyer and certainly you are not a lawyer, Mr. Green is a lawyer and a sworn officer of the court, and he at no time tried to dissuade you or made strong statements to you about not taking documents or about being truthful about the shredding. He didn't in any way attempt to urge you to preserve evidence?

Ms. Hall. No, sir. I don't know that Mr. Green knew at the time when I actually left the suite 302, whether or not he knew I had the documents on me at that time. I believe he probably—I don't know what he knew and when he knew it, but I don't believe—he wasn't in the office when I told Colonel North that I had the documents on me and he wasn't——

Mr. Boren. He obviously knew you had something with you because he said "wait until we get in the car."

Ms. Hall. That is right. He might have realized that when we were at the elevator.

Mr. Boren. At some point in time he realized it?

Ms. Hall. That is correct.

Mr. Boren. And obviously he saw you give the documents in his car when you gave the documents to Colonel North?

Ms. Hall. Yes, sir.

Mr. Boren. So he knew that you had brought things out of the office with the security officer having attempted to seal the office and that you had given them to Colonel North in his car?

Ms. Hall. That is correct.

Mr. Boren. And he didn't tell you to take them back?

Ms. Hall. That is right.

Mr. Boren. Let me ask about the KL-43 devices, and I believe you testified there was an assistant, a lady that worked with General Secord, who came to pick up deliveries of the new encoding devices in essence, on a regular basis?

Ms. Hall. That is right.

Mr. Boren. Now, were these encoding devices, the software, so to speak, for these machines, were of course highly classified. When these envelopes—was there any indication on those codes that they were classified? Did they carry any classification?

Ms. HALL. No, sir, there wasn't. They came to us from NSA in a cardboard box and there was usually—I might be wrong, but I think approximately 15—and they were in gray plastic canisters. They had in fact no classification whatsoever and in fact I believed them probably to be old coding tapes. I don't know why I had that. They were not marked, for instance, May, June, whatsoever. I indicated before that I took a black magic marker and took the canisters so as not to have them mixed up and indicated May, June, and I did not carry them in my hands, I put them in envelopes, sealed in the envelope, and gave it to Shirley Napier.

Mr. BOREN. But they carried no classification on them either when they came to you or when you gave them to Ms. Napier?

Ms. HALL. No, they didn't.

Mr. BOREN. And were you aware of the fact that these were sensitive—either the KL-43 machines themselves or the encoding devices that were to be inserted or used, were you aware that these were classified pieces, sensitive pieces of equipment and sensitive pieces of encoding devices?

Ms. HALL. I would normally think that an encoding device was. I think there was some discussion—at one point, I am not sure it was specifically a KL-43, but possibly about being able to give a secure device to a foreign official, and I believe that was discussed.

I am not sure if the KL-43 was the machine that was offered as a device that could be given to a foreign official, therefore, it wouldn't make it quite as sensitive.

I understand your question. Do you know where I am coming from?

Mr. BOREN. I do understand. It is just puzzling to me that when it came from NSA to your office there was no indication given you, for example as the person that would handle it, that the equipment or encoding devices put in them were in essence classified, but apparently they were not?

Ms. HALL. If the encoding tapes got out to someone, they could descramble our messages if they had a KL-43 or was receiving——

Mr. BOREN. I understand that, but there was no official notice on them?

Ms. HALL. No.

Mr. BOREN. Let me ask about the contributors. Some contributors to the Contra cause have, of course, testified in these hearings.

Did any of these contributors ever come to Colonel North's office or to meet with him while you were working for him or setting up appointments for him?

Ms. HALL. Spitz Channell often and his employees would bring a contributor to the office, yes.

Mr. BOREN. I believe O'Boyle testified that he had gone to Colonel North's office; he was a contributor who made a private donation?

Ms. HALL. I remember the name.

Mr. BOREN. Do you remember any other private contributors or were there large, private contributors who came?

Ms. **Hall**. I believe some of the names were Ellen Garwood, Barbara Newington, Barbara Christian—maybe a few more, but the names don't come to mind.

Mr. **Boren**. Would you say in terms of numbers over this period of time that you were working for Colonel North, were there half a dozen of these private contributors that were brought in by Mr. Channell or his representatives, or a dozen, 50 or a 100? How many would you say came through the office during this period of time?

Ms. **Hall**. I would estimate maybe 10 or 12.

Mr. **Boren**. Ten or 12 during this period of time. Thank you very much, Ms. Hall.

Thank you, Mr. Chairman.

Chairman **Hamilton**. Before proceeding further, the chair proposes to make part of the record exhibits BGS-1 through 28 and FH-1 through 10.

Without objection, so ordered.

Chairman **Hamilton**. The Chair recognizes Mr. Stokes.

Mr. **Stokes**. Thank you, Mr. Chairman.

Ms. Hall, on November 21st, Colonel North asked you to make certain alterations on certain documents. At the time that he was—he began doing some shredding, I do not recall that he asked you to assist him in the shredding; is that correct?

Ms. **Hall**. I don't recall that he did. My memory is unclear about how the shredding incident started.

My memory is that he began pulling documents and I joined him. I don't recall that he specifically said, "Come over and help," or "Do this or that." I think that it must have been—the way that I remember it as far as he started and I joined in.

Mr. **Stokes**. It was obvious to you that he was doing some very selective shredding; isn't that true?

Ms. **Hall**. That would be a fair description, I guess.

Mr. **Stokes**. And in your joining in with him, obviously there was some purpose for the shredding, was there not?

Ms. **Hall**. Yes.

Mr. **Stokes**. And what was the purpose?

Ms. **Hall**. I don't know the purpose, sir.

Mr. **Stokes**. Well, as you joined in with your boss in this shredding which he had not asked you to join with, you did feel that there was a reason for this?

Ms. **Hall**. I guess what was probably going through my mind is that the Iran initiative had been exposed and I realized that at the time, and I don't—that was a feeling I had, so I probably associated the shredding with that.

Mr. **Stokes**. And did you surmise that this was a way of trying to cover up something in conjunction with the Iran initiative or the Contra initiative?

Ms. **Hall**. I don't use the word "coverup." I would use the word "protect."

Mr. **Stokes**. You have used the term "protect" several times in conjunction with Iran and the Contra initiative, but you have also said to us that you were a secretary and that you knew nothing about policy and things of that sort.

Ms. **Hall**. I am not a policymaker. I worked for Colonel North for 4 years and became familiar with the Central American situation and the effort to support the Contras and also the initiative to talk to moderates in a country as strategically important as Iran and the daily effort and concern of the President and Ollie, personally himself, and the pressure that was put on these gentlemen with the media, and the American citizens that wanted their family home, and I became familiar with that concern.

Mr. STOKES. I could appreciate——

Ms. HALL. It is not a policymaker, that is becoming familiar after working 4 years with a policy that has been set.

Mr. STOKES. I can appreciate that very much, but how does that fall within the realm of a secretary to protect the Iran-Contra initiative?

Ms. HALL. I wasn't the one initiating the protecting, sir.

[Counsel conferring with witness.]

Ms. HALL. That is my answer, sir.

Mr. STOKES. That is your answer?

Ms. HALL. Yes.

Mr. STOKES. Yesterday you told the committee that in addition to altering NSC System 4 documents on November 21st, you had altered some other documents in the fall of 1985, do you remember that?

Ms. HALL. I remember the testimony that we determined and came to the conclusion that one document was changed in 1985. I don't have a specific independent recollection of that, sir.

Mr. STOKES. That particular exhibit would be exhibit FH-6A. Do you want to take a look at that?

Is that a document that you altered in 1985?

Ms. HALL. I don't know, sir.

Mr. STOKES. Well, can you take another look at it, Ms. Hall?

Ms. HALL. As I have said before, I don't have an independent recollection of altering any documents that were—as such that were done on November 21st. I have changed many documents in my 4 years working for Colonel North.

I don't have a specific recollection of altering the type of documents that were altered on November 21st.

Mr. STOKES. And as to that particular exhibit, you have no recollection whatsoever with reference to alteration of it?

Ms. HALL. That is correct, sir. I typed for 4 years and I typed an awful lot of documents, and I don't have independent recollection of any specific document.

Mr. STOKES. Can you tell us why this particular exhibit was found in Colonel North's files?

Ms. HALL. Because it was in a System 4, it was in the subject and chron files. Every document we ever typed went into a file.

Mr. STOKES. Isn't that a System 4 file?

Ms. HALL. Yes, it is.

Mr. STOKES. Would all of them be found in Mr. North's files?

Ms. HALL. Absolutely.

Mr. STOKES. Yesterday you told us about in April 1986 a diversion memorandum sent to Admiral Poindexter and then returned for revision, do you recall that?

Ms. HALL. I am sorry—yes.

Mr. STOKES. You also noted that it was unusual that the memorandum was not dated, it had no addressee or System 4 number. I believe you said one of the possible explanations for this was that there had been a draft Poindexter-to-the-President memorandum to which this was to have been an attachment. Do you recall that?

Ms. HALL. No, I don't.

Mr. STOKES. Let's turn our attention to the piece of paper that is in Mr. McFarlane's handwriting, the six System 4 document numbers on it. That is the one that you taped to Colonel North's PROF terminals.

Ms. HALL. I saw it taped to his desk.

Mr. STOKES. You didn't tape it there?

Ms. HALL. No, sir.

Mr. STOKES. You had seen it there for an extensive period of time?

Ms. HALL. Yes, sir. I remember the slip of paper appearing in the summer of 1985, as I said, when the Congress was looking into the activities in Central America and particularly Colonel North's. I remember seeing it around that time period. I never asked Colonel North what it was there for and he never told me.

Mr. STOKES. Can you in any way relate it to any altered documents?

Ms. HALL. Sir, when Colonel North gave me the document to alter on November 21st, without talking to him at all, without asking or him telling me, I came to my own conclusion that they were, in fact, probably the same documents that appeared on that list. In fact, when I was asked what documents I had altered in the very beginning when I was being questioned, without having seen this or the document, I read off a number of 402008, which is fairly close to 402003.

Mr. STOKES. On another matter, are we to understand that in terms of the safe that Mr. North had there in his office, that you never saw any money in that safe?

Ms. HALL. No, sir.

Mr. STOKES. On the day that you borrowed the $60 from him in the money orders, did you see him go to the safe for those?

Ms. HALL. No, I didn't, sir.

Mr. STOKES. When you returned the money to him, did you see him go to the safe at that time?

Ms. HALL. No, I didn't.

Mr. STOKES. You told us yesterday though that the rumors you had heard about him keeping cash in the safe you felt were true?

Ms. HALL. Yes, sir. I said before that I had a feeling, and I used the word rumors—maybe it is small talk—because I don't remember, and I said that I think that that probably came from being shown these traveler's checks that I had cashed myself, which I had not remembered—I had a feeling that there were rumors about that. When I was shown later the traveler's checks I associated probably that feeling with the fact that I had actually received traveler's checks and that kind of confirms my feeling without me being able to describe why I had that feeling.

Mr. STOKES. Did you ever see any other persons with money in the other safes there in the office?

Ms. HALL. No, sir.

Mr. STOKES. And I believe you told us yesterday that when Ms. Napier was alleged to have brought $16,000 to the office, that you do not recall ever having received that?

Ms. HALL. That is true, sir. That is my recollection.

Mr. STOKES. Did you, in your capacity as secretary, open Mr. North's mail?

Ms. HALL. Yes, sir.

Mr. STOKES. What about packages that were delivered to him?

Ms. HALL. I have been asked about that. I can only say that when someone was delivering something perhaps I walked it up to him and if he was there, I gave it to him and he opened it himself. When it came from CIA, DOD, State Department, other departments or agencies in the government, I expected it as part of the package that they were doing, usually those documents were attached to documents we were doing for the National Security Adviser, and therefore, I would be expecting them and usually opened them.

It is possible that I have opened other stuff that has come from General Secord. I just didn't open that particular package. I just don't remember opening that particular package and I don't remember seeing $16,000.

Mr. STOKES. If he was not there and someone delivered a package to him, would you open the package or just put it on his desk?

Ms. HALL. I would probably open it, but depending—that is a hard question to ask sir. I worked there 4 years and that's a difficult question to answer. I could have and I might have just laid it on his desk. Perhaps I might have laid it on his desk or I might have opened it. It probably went both ways.

Mr. STOKES. Was there ever an occasion when you opened an envelope or package and there was money in it?

Ms. HALL. I don't recall, sir.

Mr. STOKES. It could have happened?

Ms. HALL. I don't remember ever opening an envelope with money in it.

Mr. STOKES. Thank you very much, Ms. Hall.

Thank you, Mr. Chairman.

Chairman HAMILTON. Senator Hatch.

Mr. HATCH. Thank you, Mr. Chairman.

Ms. Hall, welcome to the committee. I want to thank you for testifying. I think you have been a candid and forthright witness, and helpful to our understanding of what happened here, at least to the extent that you have been able to testify. I am sure you never expected to be in this position, but the fact is, you and the man you worked for captivated this country for quite a bit of time and you have captured the attention of the entire country.

I believe you were quoted recently as agreeing with the late Andy Warhol that "every person indeed gets 15-minutes of fame." I personally believe you have exceeded your allotment.

I would like to go through some questions that I hope will help us understand what happened here, about the people involved. Colonel North has, of course, become the center of attention. I read an interesting and good article in the *Washington Post* yesterday covering all of the various things he might be. And I am sure we are going to get a chance to hear him testify. As I suggested last

December, we should have him. But you worked very closely with Colonel North for 4 years. You probably know him as well as anybody from the work standpoint. I would appreciate it if you would take a minute and tell us a little bit about this mystery figure. What was he like to work for, what kind of a man he is, what were his principal motivations, at least as afar as you could see?

Ms. HALL. Regarding your question how was he to work for, I would say he was every secretary's dream of a boss. He was easygoing, patient, he was motivated to do the best job that he possibly knew in the best interests of this country, and I think that that quality transferred into the people that worked for him.

Mr. HATCH. How hard did he work?

Ms. HALL. Very hard.

Mr. HATCH. Like——

Ms. HALL. He began—his usual days Monday through Friday began at 7:30 in the morning with a staff meeting. The day started off like a crack of fire from that point on. He left—I don't think he left the office before 9 or 10, and usually he would stay until 12 or 1 o'clock in the morning.

I don't say that you should read the newspaper, but Colonel North didn't have time to read the newspaper usually. He seldom went to lunch, only if it was a working lunch, and many times friends hadn't seen him in a long time and said can't we go to lunch and have a chat. He would always put his work before himself, always.

Mr. HATCH. There has been a great deal of publicity about Colonel North lately and he has been described as everything from a hero to a zealot.

Based on your understanding of him, do you feel that Colonel North has been accurately depicted in the media so far and, if not, how should he be portrayed?

Ms. HALL. I don't think he has been portrayed correctly. In some circumstances yes and many others no. I don't think zealot is an accurate word to describe Colonel North. I believe that Colonel North was a hard-working person, and I think that he was effective and he had a "can do," positive attitude. He didn't like to give up. He always thought there was a means to achieve goals and he didn't give up, and I don't think that those qualities are a zealot. I think they are not a rogue elephant. I believe they are good qualities.

I think that a positive attitude in an office with as much work as we had to do, and the problems, to overcome those he had the best qualities for that job.

Mr. HATCH. In your employment with Colonel North, I take it you knew he worked beginning in the late summer of 1985 on the Iran initiative; is that correct?

Ms. HALL. Yes.

Mr. HATCH. You also knew that he was working on the Contra issues, as well?

Ms. HALL. Yes, sir.

Mr. HATCH. Given the scrutiny that the Contra issues are receiving by these hearings, I think it is easy for us to get the impression that that is all Colonel North did.

Is that the way it was, Ms. Hall, or were you working on a number of other important projects as well? You indicated in your opening remarks that he was.

Ms. HALL. He worked on Central America and terrorism, international terrorism. Both of those subjects are broad and very far-reaching, ranging from Congressional to private inquiries, public speeches, to policy setting, to inter-agency meetings.

Terrorism, for instance—we have multilateral, bilateral extensive talks with other countries in an effort to counter terrorism. Those take up a lot of time in the office, in addition to a terrorist incident happening, which takes up all your time that particular day.

Then you get back logged on the routine things that come in. Every single day for 4 years we were busy.

Mr. HATCH. You indicated in your opening remarks that he handled Central America, international terrorism, not just Central America but all over the world, the problem we are concerned about, the streamlining of crisis management by this administration.

Ms. HALL. Whenever there was a crisis, Colonel North was the man that usually handled it.

Mr. HATCH. They turned to him?

Ms. HALL. Yes. I think they turned to him because he was the person that when there was a crisis he wouldn't say he was too tired. He wouldn't say "I'll handle in the morning." He would say, "I'll deal with it now," take care of it and get it done.

Mr. HATCH. He worked with the President's bipartisan commission on Central America?

Ms. HALL. He did.

Mr. HATCH. He was one of the prime figures in the liberation of Grenada?

Ms. HALL. He was in front.

Mr. HATCH. He helped to plan it?

Ms. HALL. That's correct. Usually when you have the State Department, DOD and JCS, it is fair to say in this country that a lot of people don't agree on things, and I think Colonel North had a keen sense of being able to coordinate and make people come together to make a decisive decision—well, a decision——

Mr. HATCH. He was a decisionmaker, wasn't he?

Ms. HALL. He was a good decisionmaker. He had the ability and the foresight to come to a decision.

Mr. HATCH. Would you say he was a take-charge guy they turned to quite often?

Ms. HALL. Yes.

Mr. HATCH. You indicated that he worked on the elimination of the death squad problem in El Salvador?

Ms. HALL. That is correct.

Mr. HATCH. He worked on the U.S. response to Libya and Colonel Khadafy?

Ms. HALL. Yes, he did, tirelessly.

Mr. HATCH. He worked on actions against terrorism against American citizens all over the world?

Ms. HALL. He was very concerned about terrorism. He never forgot that he had a family at home, that other people had families and that it wasn't fair for people to take out their beliefs on innocent persons.

Mr. HATCH. What you see, what the public sees, are the ostensible terrorist activities. There are a lot of activities they have to work on behind the scenes, as well?

Ms. HALL. That's correct.

Mr. HATCH. You were aware of that as his secretary?

Ms. HALL. Yes, sir.

Mr. HATCH. You indicated that he also made daily efforts, was probably, if not the most concerned person, one of the most concerned persons about the release of American hostages, is that correct?

Ms. HALL. That is correct.

Mr. HATCH. You said he handled all kinds of interagency issues, public inquiries, there were all kinds of things he did, is that right?

Ms. HALL. Yes. Colonel North felt, as I do, that it was important to explain to the American people our policies for Central America, and many times people used to say he is taking the time to talk to high school students. He felt, as I do, if high school students are interested in Central America, that is good, and someone should tell them about it.

Mr. HATCH. I see. So he would even take time to do things like that?

Ms. HALL. That is correct?

Mr. HATCH. From your vantage point, what was it that motivated Colonel North? He is an enigma to many here. Some people are motivated by money, some by power, some by a genuine desire to serve. How did you see Colonel North in your 4-years' experience working with him?

Ms. HALL. Definitely a gentleman with a desire to serve and do the best job that he knew how in the best interest of his country.

Mr. HATCH. During the long hours and late nights that he worked, did it appear to you that he was losing control or becoming emotionally upset or unable to handle the assignments that he had?

Ms. HALL. No, sir.

Mr. HATCH. Did you ever see any violent outbursts of temper at any time?

Ms. HALL. Absolutely not. Colonel North was very good natured and had a great sense of humor and actually used the sense of humor to relieve the tension for others in the office. In the middle of a crisis, he would make a joke, and everybody would smile, and you would feel you were normal again. If anybody lost their temper or lost control, it was probably me.

I recall an incident when we were working very late, and I was again late for a date or late for something, and I turned to him and said, "I think I have had a nervous breakdown, or about to have one. I am 24-years old, and I can't handle it any more." I was joking with him. He said, "Hall, you are 24?" I said, "See, I've lost 3 years of my life working for you." But this was all in jest—we were human.

Mr. HATCH. There has been some suggestion that Colonel North had some kind of special relationship with Director Casey of the CIA. I have heard your testimony that they spoke on the telephone fairly often. Did you observe any kind of special relationship between the two of them? Did you get the impression that Colonel North was somehow getting his orders from Director Casey rather than from his superiors at the National Security Council?

Ms. HALL. I don't know, sir.

Mr. HATCH. OK. You just don't know?

Ms. HALL. No, I don't know.

Mr. HATCH. But you knew they were close, and they chatted often?

Ms. HALL. Yes.

Mr. HATCH. You must have seen General Secord in your office on occasion, is that correct?

Ms. HALL. Yes, sir.

Mr. HATCH. What kind of working relationship did General Secord have with Colonel North?

Ms. HALL. I thought the relationship was very good. I never saw any tension between Colonel North or General Secord. I think they were probably in agreement on just about everything. They both admired each other and what they were doing.

Mr. HATCH. Let me ask you this—during the period when there was a congressional ban on the funds for the Contras, did Colonel North or General Secord or anyone else, to your knowledge, ever say to you or in your presence or indicate in any way that they were doing anything illegal and that it would need to be kept quiet because it was illegal or improper or even questionable, do you recall anything like that?

Ms. HALL. I don't recall anyone saying anything about anything being illegal.

Mr. HATCH. Would you say it is a fair statement that during the congressional ban on Contra funding, and that went off and on and off and on and sometimes it was humanitarian and ultimately became $100 for lethal assistance—$70 million for lethal, $30 million for humanitarian—but during that time with the congressional bans on Contra funding, was there a general feeling in your office that Colonel North's activities were close to the line as far as strict compliance with the law was concerned?

Ms. HALL. I would say that he was probably walking a fine line. I don't see—I don't think he would cross that line. It wouldn't—I don't think so. I would say that he was walking a fine line in an effort to do what was right.

Mr. HATCH. Would you say that the effort by Colonel North and the rest of the staff with which he worked was to comply with the law as opposed to violating the law?

Ms. HALL. Definitely.

Mr. HATCH. Did you ever observe Colonel North do anything for personal gain as opposed to public service?

Ms. HALL. Absolutely not.

Mr. HATCH. In my opinion, one of the major questions that these hearings have to raise is where is the venality here, where is the propensity to do something for private gain or to take a bribe or do something that was wrong. Did you ever see anything along those lines?

Ms. HALL. Sir, I never saw anyone Ollie North—Colonel North—any of these people motivated by money or personal gain. I saw them motivated by the fact that we had hostages being kept and to help—I mean, this was instilled in me by them, and that is the only thing I could feel.

Mr. HATCH. You seem to be telling us that they had hard problems to handle and difficult problems and some of them came close to the line from time to time.

Ms. HALL. Yes, I would say so.

Mr. HATCH. When you shredded the documents on November 21, did Colonel North or Bob Earl or anybody else say why you were to shred those documents?

Ms. HALL. No, sir.

Mr. HATCH. Did they give you any reason at all?

Ms. HALL. No, sir.

Mr. HATCH. What was the atmosphere like during the shredding?

Ms. HALL. It certainly wasn't "lock the door, close the windows and pull down the shades." The door could have been opened at any time, and I wasn't told "Please don't tell anyone about this." I just wasn't told that. I didn't feel like it was—I didn't feel like a closed atmosphere. Like I said before, it wasn't "Lock the door, pull down the shades" type thing.

Mr. HATCH. Nobody was putting tremendous pressure on you or anything like that?

Ms. HALL. No.

Mr. HATCH As I understand your testimony, it was on the afternoon of November 25th when you discovered that the altered documents were still on your desk and you had not finished the job; is that correct?

Ms. HALL. Yes, sir.

Mr. HATCH. Then you called Colonel North at the hotel and told him to get back to the office; that is right, isn't it?

Ms. HALL. Yes, sir.

Mr. HATCH. During that conversation, did he say anything about the alterations or shredding or any other efforts to cover up anything?

Ms. HALL. No, sir.

Mr. HATCH. After his initial request to make those changes, did he ever follow up or question you or press you to see that you were pressured to see that the job got done?

Ms. HALL. No, sir.

Mr. HATCH. With respect to the removal of the documents from your office, do you know if Mr. Green knew that you were taking the documents out of the Old Executive Office Building when you were leaving your office?

Ms. HALL. I don't know Mr. Green knew that, no.

Mr. HATCH. So as far as you know, he did not know?

Ms. HALL. No, sir.

Mr. HATCH. Was Mr. Green present in Colonel North's office when you told Colonel North about the documents?

Ms. HALL. Mr. Green was in the suite. He was not present in the immediate office where I was with Colonel North.

Mr. HATCH. OK.

Did Mr. Green say anything about the documents at any time?

Ms. HALL. No, sir.

Mr. HATCH. Did he know what the documents were?

Ms. **Hall**. No, sir, and neither did Colonel North.

Mr. **Hatch**. Did he seem to know anything about the shredding that had gone on?

Ms. **Hall**. I believe he must have since he asked me if I was asked about shredding, what I would say.

Mr. **Hatch**. OK.

Did he tell you to mislead anybody or to not tell the truth in any way?

Ms. **Hall**. He didn't say all the words—all the words I remember is, "If you are asked about shredding, what are you going to say," and I knew the answer to that question and that was, "We do shredding every day," and he said, "Good," and there was no further discussion to my recollection.

Mr. **Hatch**. Ms. Hall, much has been said lately about Mrs. North's alleged trip to Philadelphia and Colonel North's cashing of traveler's checks at food stores and gas stations.

There have definitely been some impressions left since the introduction of that information.

I understand you have no direct knowledge of these matters, but I would just like to ask you this one question because I think you are in the unique position to address it.

Based on your knowledge and the understanding of the character and personality of Colonel North, do you believe he deserves the right to offer his explanation of these issues before we on these committees or the media or the American public at large draw any conclusions or opinions about what happened?

Ms. **Hall**. I believe he has that right. Yes, sir.

Mr. **Hatch**. I have a couple more questions.

Could I have one more minute?

Chairman **Hamilton**. All right.

Mr. **Hatch**. Thank you, Mr. Chairman.

As to the altering of documents and shredding and especially the removal of files from your office, would it be fair to say, Ms. Hall, that you got caught up in the controversial events of the day and you did some things that in hindsight probably were not very smart?

Ms. **Hall**. Yes, sir. I have to say that at the time I removed the documents, as I said before, I was emotionally distraught and did not realize the severity of what I was doing.

Mr. **Hatch**. Did you have a feeling at that time, Ms. Hall, that the Iran initiative was secret, that there had been strenuous efforts made to keep it secret?

Ms. **Hall**. Absolutely.

Mr. **Hatch**. Did you have a feeling at that time that the lives of hostages were involved in that operation?

Ms. **Hall**. Absolutely.

Mr. **Hatch**. Did you have a feeling that taken out of context or even perfectly in context, that the widespread dissemination of documents relating to those events could cause some problems?

Ms. **Hall**. Yes, sir.

Mr. **Hatch**. And there again with respect to the shredding and the other activities which I have to admit do not look very good——

[Laughter.]

Mr. **Hatch.** —do you feel, do you feel that regardless of how bad they might look—and I think there are some who have tried to put the worst face on that and some of them are right here in this room, as a matter of fact—regardless of how bad they look, do you think that we should wait to hear Colonel North's explanation for those actions before we draw any final conclusion?

Ms. **Hall.** I think it would be fair to Colonel North, yes.

Mr. **Hatch.** It might be fair to everybody concerned, don't you think?

Ms. **Hall.** That is correct.

Mr. **Hatch.** Just one final thought. I don't know how the exhibit number given to Elliott Abrams got fouled up and I don't for a second think that you mistyped it. As you said in your opening statement, you can type, it is apparent you are a very bright woman, and that you seem to be an excellent secretary. But it strikes me as interesting that if that number had not been transposed, we probably wouldn't be here today.

Ms. **Hall.** I have thought about that myself, sir.

Mr. **Hatch.** The reason I think that is in the event that $10 million had been put in the right account, there would have been plenty of money for the Contras under those circumstances at that particular time without dipping into any of the funds generated by the Iranian arms sales.

So there would have been no diversion, there would have been no press conference by the Attorney General and we would have been spared all these public trevails.

So I think that is the important thing to understand. So I want to thank you again, Ms. Hall, I want to thank the chairman for allowing me to go on just a little bit longer. I have appreciated your testimony and I have appreciated having a firsthand account of just what Oliver North is like.

We will just all have to wait to see what he has to say before we draw our own conclusions, but I think it is only fair to wait until he says what he has to say and he testifies before us before we draw all those conclusions.

Ms. **Hall.** I agree. Thank you, sir.

Mr. **Hatch.** Thank you.

Chairman **Hamilton.** Mr. DeWine.

Mr. **DeWine.** Thank you very much, Mr. Chairman.

Good morning, Ms. Hall.

Can you give us some indication about—there has been evidence that Ollie North traveled a great deal and did you handle his reimbursements when he came back?

In other words, did you take care of any expenses he might have so he would get reimbursed from the U.S. Government?

Ms. **Hall.** When Colonel North returned from a trip he filled out his own travel voucher, I xeroxed it and I compiled it with the receipts that he had and passed it to our administrative office to a gentleman by the name of Mike Sutton, who completed the voucher and returned it to Colonel North with a check.

Mr. **DeWine.** And I assume you did this a number of times, this was the normal procedure?

Ms. **Hall.** Yes, sir.

Mr. **DeWine.** Did you ever see anything unusual about that?

Ms. HALL. No.

Mr. DEWINE. Any indication at all that you had that he was not being truthful in the expenses he was turning in?

Ms. HALL. No, sir.

Mr. DEWINE. All right. What was his basic attitude towards money? Was this a concern to him? Was he, you know, was he one of these people who was constantly complaining about not having enough money?

Again, it is obvious we are into this, there has been testimony in regard to the traveler's checks, I think it is unfortunate that it was brought out at a point in time in the hearing when he did not have an opportunity and will not have an opportunity for another month to explain it in any way, but that evidence is out.

So this committee is very much interested, and I think the American people are, in what motivates Ollie North, what type person he is.

You were very close to him. You worked with him for an extended period of time. What can you tell us and tell the American people about his general attitude about money?

Is this a driving force?

Ms. HALL. He certainly was not motivated to do what he did for money. There is no doubt in my mind. Colonel North, you know, I mean I am sure he would like to have gotten paid more than a lientenant colonel's salary for what he was doing.

I think he definitely deserved to be paid more. But he was a lieutenant colonel in the U.S. Marine Corps and he received a salary for that and he accepted it.

Mr. DEWINE. Were you involved in any way in the keeping of a personal checkbook of his or any way connected with his personal finances?

Ms. HALL. No, sir.

Mr. DEWINE. Your testimony was, I believe, that you did not—you do not know anything about these traveler's checks that he supposedly cashed; is that correct?

Ms. HALL. Yes, sir.

Mr. DEWINE. And that your only contact was the three that you had received when you were, I guess—what?—going to the beach and it was late and the banks were closed and you said do you have any money and he got the traveler's checks out. It is my understanding that he told you when he gave you those traveler's checks that that was not his money and that you needed to pay those back; is that right?

Ms. HALL. That is my recollection.

Mr. DEWINE. You, in fact, did pay those traveler's checks back?

Ms. HALL. Yes, sir.

Mr. DEWINE. All right.

Let me, if I could move to another area, on the date that the Meese press conference took place, November 25, I believe, when everyone was viewing that, do you recall seeing Tom Green, do you recall whether Tom Green was there or not?

Ms. HALL. He was not, sir.

Mr. DEWINE. All right. Yesterday you testified, I believe, if I recall correctly, that Oliver North, to your knowledge, never met alone with the President of the United States; is that correct?

Ms. **Hall**. That is my knowledge.

Mr. **DeWine**. And you are only aware of the one phone call and that phone call, of course, occurred after he was actually terminated; is that correct?

Ms. **Hall**. Yes, sir.

Mr. **DeWine**. Therefore, your knowledge would not be inconsistent with the White House records if I told you the White House records disclose the following: that Ollie North never met alone with the President, that in the time that he held this position there were only two calls between him and the President, the first was a conference call involving other people, and the second one was the one that you testified to yesterday and that the President and Ollie North attended the same meeting on 19 separate occasions, never alone, and that during those 19 times there was never any meeting that had less than a total of five people in those meetings.

That would not be inconsistent with your knowledge of Oliver North and your knowledge of the contact that the President had with Oliver North, would it?

Ms. **Hall**. I would say that would be an accurate description, yes.

Mr. **DeWine**. You were very close and had the opportunity to work with Mr. North, and I believe you testified he worked exceedingly long hours and you kept long hours, too. What time would you normally leave?

Ms. **Hall**. I think an average time would be 8 or 9 o'clock. As I said before, we have worked much later than that, but on average, I worked about 12, possibly 14 hours a day.

Mr. **DeWine**. Would he normally still be working, or would he normally leave about that time?

Ms. **Hall**. It depended. He also liked to make sure that I got to my car since it was after dark, so many times I would wait a few, 5 minutes or so, until he was wrapped up so that he could walk me out to my car. If he was going to be a few more hours, I would call a White House guard to walk me. I would say that a lot of times he stayed well after I did.

Mr. **DeWine**. Could you tell us what, as best you can recall, the relationship was between Ollie North and Bud McFarlane? How would you describe that relationship?

Ms. **Hall**. I would say that they were close, they were friends, and Mr. McFarlane was his superior.

Mr. **DeWine**. And how about Admiral Poindexter?

Ms. **Hall**. I would say just about the same.

Mr. **DeWine**. All right. Comparing the two, who would Ollie North have been closer to?

Ms. **Hall**. I would say that he probably was to Mr. McFarlane, possibly because Mr. McFarlane was, you know, in the U.S. Marine Corps at one time and maybe they found an affection, chemistry wise, towards each other that was special.

Mr. **DeWine**. During the time that Bud McFarlane was the National Security Adviser, how often, would you say, that Oliver North and Bud McFarlane had contact in the day's time? Let's talk about phone calls and then you can talk about personal meetings.

Ms. **Hall**. I would say that Colonel North's contact with Mr. McFarlane was just as it was with Admiral Poindexter and any other security adviser. Of course, Colonel North had a lot of contact with the security advisers because of the issues that he worked. I would say that he had more contact with them than perhaps maybe any other staffer, but it was because of his issues that he handled.

Mr. DEWINE. Could you give us some idea—and I know there is no typical or average day—but can you give us some idea of how often during the day that they would have this contact?

Ms. HALL. It is hard to give an answer to that, sir. It depends on if it is a terrorist incident you could spend hours with the security adviser in the situation room. If there wasn't, it depended on if there was a Presidential meeting happening that day or, it depended on the security adviser called you over because if he had a question. You are always at his disposal.

Mr. DEWINE. Let me move to Albert Hakim. How often did you see Albert Hakim?

Ms. HALL. I believe—I know I met Albert Hakim once, and I believe I have seen him maybe two or three times.

Mr. DEWINE. He was not a frequent visitor to Ollie North's office?

Ms. HALL. No, sir.

Mr. DEWINE. How about phone calls between the two? I believe that you normally placed Mr. North's phone calls, is that correct, Colonel North's phone calls?

Ms. HALL. Yes, sir.

Mr. DEWINE. How often would he and Mr. Hakim have had contact?

Ms. HALL. I would say they were frequent, but not as frequently as they were with General Secord.

Mr. DEWINE. What would frequent be, do you have any idea?

Ms. HALL. I am trying to recall.

Mr. DEWINE. Again, I know that is tough. There is no typical day.

Ms. HALL. No, there isn't.

Mr. DEWINE. And I understand that, we appreciate that.

Ms. HALL. Like I said, he might have come to the office a few times. The calls were more than the visits definitely. I would say they were—it is hard to describe. Like I said before, to give you a comparison, they were definitely not as frequent as General Secord. General Secord was a daily caller, whereas Albert Hakim was not. During the time that Albert Hakim worked with us, maybe——

Mr. DEWINE. Once a week?

Ms. HALL. Possibly, maybe less.

Mr. DEWINE. How about Robert Owen. Did you see Robert Owen in your office?

Ms. HALL. Yes, sir.

Mr. DEWINE. And again with him, how often during the period of time that he was involved with Colonel North? Would this be once a week, less than that, more than that?

Ms. HALL. I would say he was a frequent visitor. Maybe once a week. It depended. There were spurts. Maybe once a week, and it might not be for a while, and then again maybe two or three times a week.

Mr. DEWINE. What about phone calls with Rob Owen?

Ms. **Hall**. I think the visits were probably more. There were more visits than there were phone calls.

Mr. **DeWine**. More visits than there were phone calls?

Ms. **Hall**. Yes.

Mr. **DeWine**. What about Ambassador Tambs? Did he ever call or did Ollie North ever place any calls to the Ambassador?

Ms. **Hall**. Ambassador Tambs and Ollie were close friends. I would say that that wasn't frequent, but there were calls.

Mr. **DeWine**. Again, would this be once a week, more or less than that?

Ms. **Hall**. No, I would not say once a week. I would say it depended upon if something had come up. It was not once a week.

Mr. **DeWine**. But you would categorize them as close friends?

Ms. **Hall**. Yes, sir.

Mr. **DeWine**. What about—going back to Rob Owen—how would you describe the relationship between Ollie North and Rob Owen?

Ms. **Hall**. I think that they became close friends.

Mr. **DeWine**. Albert Hakim?

Ms. **Hall**. I don't know the relationship there. I don't know Mr. Hakim very well, sir.

Mr. **DeWine**. Let me move on to Elliott Abrams. How would you describe the relationship between Ollie North and Elliott Abrams?

Ms. **Hall**. I would say there was a good relationship. I think—I think that they admired each other. The meetings—I would say that he met with Elliott Abrams once a week, because there was an interagency meeting once a week that Mr. North attended. The phone calls outside the meetings were not that frequent. It is hard for me to judge. I placed the calls, but again, I do not place the secure calls for Colonel North, so it is hard to judge. I could be wrong when I give you description.

Mr. **DeWine**. Did you ever see Elliott Abrams in your office?

Ms. **Hall**. Yes, sir.

Mr. **DeWine**. How often would that occur?

Ms. **Hall**. I think it has only been a few times. And it possibly was because he was in a meeting in the White House and he stopped over to say hello, or I think he might have been in the office for a meeting at one point. I don't remember what the meeting was.

Mr. **DeWine**. Would you describe Elliott Abrams and Colonel North as being close then?

Ms. **Hall**. I would say so, yes.

Mr. **DeWine**. And what about Mr. Coy and Mr. Earl? Can you describe the working relationship inside your office between those two and Colonel North?

Ms. **Hall**. The relationship was good.

Mr. **DeWine**. Who did what? What was the relationship as far as the pecking order, or as far as the——

Ms. **Hall**. Colonel North was in my eyes the boss. He was the director. Craig Coy and Bob Earl came from the Vice President's Task Force on Terrorism to join us when the office was expanded to take on those responsibilities. I would say that everyone was friends. We worked well together, it was a great team.

I would say that Craig Coy handled probably more terrorism issues as far as airport security, et cetera, et cetera. Bob handled terrorism also: It was a mixing. There was no designated areas for which each person handled. It was whenever an issue came up and somebody was available, they took care of it.

Bob, I think, probably had a little bit slightly closer relationship with Ollie, because he was in the Marine Corps, and I believe that they knew each other before they came to—before Colonel Earl came to work at our office. And Bob had also stayed late hours. I mean Craig did too, but Bob—I'd be kicking him out of the office just like I was trying to do with Ollie all the time.

Mr. DEWINE. With the exception of the testimony you have already given about the times that Tom Green—that you saw him, was he in Ollie North's office, in your office prior to this series of events in November when the press conference was held and the subsequent events? Was he someone you knew before then at all?

Ms. HALL. I never met Mr. Green until November 25, 1986. We did place phone calls to him, and he in turn called us, but the first time I ever laid eyes on Tom Green was November 25.

Mr. DEWINE. When would these phone calls have started?

Ms. HALL. I know that we were talking to Tom Green prior to May of 1986. That is my kind of standing point there. I would say——

Mr. DEWINE. How do you know that?

Ms. HALL. Sometime in late 1985.

Mr. DEWINE. Late 1985?

Ms. HALL. Possibly. I could be wrong.

Mr. DEWINE. Why do you peg it to the May date?

Ms. HALL. May is the Tehran trip and also we moved, so I associate—I can remember being in room 392 and certain things happening, and I can also see myself in 302 and certain things happening. So that is how I decipher between the two, for giving the timeframes.

Mr. DEWINE. Beginning at that period, would these phone calls have been very frequent—once a week?

Ms. HALL. It varied. It could be once a week, twice a week, it might not be for 2 weeks. It might not be for a month. It was varied.

Mr. DEWINE. Adolfo Calero, how often would you see him, or did you see him?

Ms. HALL. More, I would say, probably in 1985, 1984, and 1985 I guess. Not as often in 1986.

Mr. DEWINE. How would you describe the relationship between him and Ollie North?

Ms. HALL. Good.

Mr. DEWINE. Thank you very much.

Thank you, Mr. Chairman.

Chairman HAMILTON. We begin now under the 5-minute rule. The chair recognizes Senator Rudman, the vice-chairman.

Mr. RUDMAN. Mr. Chairman, before I ask Ms. Hall a few questions, I just want to get the record straight on something. I think my colleague from Utah, Senator Hatch, makes a very good point, and all of us in this committee have tried assiduously to avoid casting any aspersions of guilt or innocence on anyone. That is not our job and certainly not before people appear.

But so that anyone watching might not misunderstand, we have wanted Colonel North here since last January. Colonel North's not being here to answer these charges is his choice, not ours. And I would say it is his legal choice, and I am not critical of that. He has every right, as an American citizen, to invoke his constitutional privileges. That is what this country is all about.

But let the record show that the reason Colonel North is still a mystery man is because he hasn't been before this committee for a whole lot of reasons, some having to do with his wishing to take immunity, others having to do with the Independent Counsel wanting more time, but I think it is important that the American people don't misunderstand that we are not kind of holding Colonel North out in the corridor and letting people make statements about him before we hear from him ourselves. I wish we had heard Colonel North, Mr. Chairman, last February, and Admiral Poindexter. I had made it clear that when it came to balancing the interests of this country on prosecution versus getting the cloud out from over the President, we should have had them here months ago. I stand by that position. Some people disagree, but I believe it. But that is why he is not here.

Ms. Hall, thank you very much for being so candid in your testimony. I don't have any real factual problems with your testimony. I want to just clear up some things that I don't understand. I want to get to Mr. Green for just a moment. Let me describe the situation as the transcript and your deposition indicates it, so we understand fully Mr. Green's participation.

As I understand it, you left the office with some documents in your boots and in your back, behind your back, as you described it. You walked out of the building, you wanted to maybe remove the documents at this point. Mr. Green, I believe, told you, "No, don't pass them to me here or to Colonel North here", is that correct?

Ms. HALL. I don't believe he used those words, sir.

Mr. RUDMAN. Well, what did he say?

Ms. HALL. When I was on the elevator, he said, "Why don't you just wait for a few minutes," or, let's see, let me——

Mr. RUDMAN. That is good, that is fine.

Ms. HALL. I am just trying to remember what I remembered him saying. We walked outside, and Tom said, "Why don't you wait until we get in the car?"

Mr. RUDMAN. That is Mr. Green you are speaking of?

Ms. HALL. Mr. Green, yes, I am sorry.

Mr. RUDMAN. So at that point, Mr. Green knew that you had documents on you, on your person?

Ms. HALL. We would have to assume so. I don't know.

Mr. RUDMAN. I certainly assume so, Ms. Hall. Then you got outside, and you get outside, and you want to, again to then get rid of the documents. The reason you wanted to do that is you were going to your car, which was in the garage, is that not correct?

Ms. HALL. Yes.

Mr. RUDMAN. But you didn't go to your car, you went to Mr. Green's car, which is parked on the sidewalk, for the specific purpose of getting in the car so people couldn't observe, which was their idea, and pass the documents.

Ms. HALL. No, sir, that is not true.

Mr. RUDMAN. All right, well, you tell me what is then.

Ms. HALL. I will tell you what is. Colonel North came to the office. I asked him if he could see documents on my back. He said no. We walk out of the office. I gestured to give him the documents; he said, "No, wait until we get outside." We walked outside, and I motioned to give him the documents, and Tom Green said, "No, wait until we get in the car."

There is no way that I could have known or that—there is no way that they set that up. It was a convenient place to park, sir. It is on G Street, it is in the evening, it is convenient. It wasn't set up, to my knowledge, and I don't depict it that way as a conspiracy to rush me out of the office and into the car to give them the documents.

In fact, I don't know that Colonel North actually knew that I had the documents on my person when I was talking to him on the phone.

Mr. RUDMAN. You are looking way beyond my question. I don't allege a conspiracy. The only thing I am trying to establish is that Mr. Green knew when you got into his car that you had documents on your person. Is that true?

Ms. HALL. I would say that he knew, yes.

Mr. RUDMAN. And then you proceeded to remove documents from your boots and from other parts of your clothing, is that correct?

Ms. HALL. That is correct, sir.

Mr. RUDMAN. And you handed those documents to Colonel North or Mr. Green?

Ms. HALL. I handed them to Colonel North.

Mr. RUDMAN. And Mr. Green was aware of that transfer of those documents?

Ms. HALL. Yes, he was.

Mr. RUDMAN. And I guess we can say, in fairness to everyone, that it is not normal to take documents out of the White House in one's boots and clothing, so Mr. Green certainly realized that there was something that was being concealed that was being taken out of the White House?

Ms. HALL. Yes, sir.

Mr. RUDMAN. Thank you.

I have one question about your testimony yesterday, and it wasn't followed up, I don't believe. I have checked the transcript.

When you found Colonel North shredding the documents that afternoon, the transcript says as follows: "I asked if I should shred PROF notes and phone logs. He said I should probably go ahead."

Do you recall saying that yesterday?

Ms. HALL. Yes, sir.

Mr. RUDMAN. All right. Could you explain to the committee, because it wasn't followed up, what was it about the PROF notes and the phone logs that, on your own volition, you suggested to Colonel North, observing shredding going on, that those documents should be shredded also?

Ms. HALL. Sir, I have testified prior to this that I had my own motives in the beginning for trying to shred those PROF notes and phone logs, because they were taking up room in the file and had become numerous. And, as you know, we had—Barbara Brown had joined us and the file had become very full and there was no room for me to put my things.

I had been thinking about doing that in the past and, when the shredding incident started, I not only found them to be— to take up room in the safe, but I also found them, in my own opinion, to be revealing as far as conversations between Colonel North and other people which I felt, in my mind, were private.

Mr. **Rudman**. So you were aware of the contents of certain PROF notes and phone logs generally, not specifically, but generally.

Ms. **Hall**. Generally that they were—it's like a phone call. I mean, it's like taping a phone call and having those on record. I just don't feel that—that is their private conversation.

Mr. **Rudman**. And since the Attorney General of the United States had just said that things had gone wrong and people were getting fired, it was the general feeling in your office that those things ought not to be preserved?

Ms. **Hall**. I did not know that, sir.

Mr. **Rudman**. You were not aware of that at that time?

Ms. **Hall**. No, I was not.

Mr. **Rudman**. The last question I have has to do with removal of the documents themselves, the ones that you went up to Colonel Earl's office on the second floor and secreted some of those in your back, as you put it, and in your boots. And what was it about those documents that gave you such grave concern?

Ms. **Hall**. As I have said before, sir, they included the copies of the altered documents which I felt might not be discovered if I took copies of them out, since they were old documents, and spread the originals throughout the pile—they wouldn't be found together and copies wouldn't be found. So I took the copies.

PROF notes, as I said before, I thought were private conversations. They had been shredded before, and I wanted to get rid of them again.

The minutes, I felt, were accurate descriptions of what went on in the meetings with the moderates in Iran, and I just felt that the whole Iran intiative was being blown out and I just felt they were very revealing and I took them out.

This was done in an emotional, distraught manner.

Mr. **Rudman**. I understand that.

Ms. **Hall**. I was very upset.

Mr. **Rudman**. We understand that, Ms. Hall, and no one is being critical.

Ms. **Hall**. I was not thinking clearly. PROF notes not only were—I mean, the hard copies were destroyed, but if I had been thinking clearly, there are also—how do I know Mr. McFarlane or John Poindexter or the staff had not deleted those PROF notes on their machines? You don't even have to have a hard copy.

What I'm trying to explain to you is I was not thinking clearly.

Mr. **Rudman**. And Congressman Stokes, when he described it, he called it a coverup. You corrected him and said, "I did not look at it as a coverup. I looked at it as protecting."

Ms. **Hall**. That's correct.

Mr. **Rudman**. Who were you protecting it from?

Ms. **Hall**. I was protecting the initiative.

Mr. **Rudman**. From whom?

Ms. HALL. From everyone, because I felt that—I knew we were trying to get back the hostages and I knew we were dealing with Iranian moderates and if this is exposed, there could be people whose lives could be lost.

And I also felt that it divulged—if this breaks out, we are sitting up here talking about all kinds of things, we are revealing sources and revealing everything. In my opinion, I don't think this is proper.

Mr. RUDMAN. I would observe, Ms. Hall, that——

Ms. HALL. A lot of damage would be done if a lot of top secret, sensitive, classified material was exposed in public, so that the Soviets and everyone else could read it. That is how I felt.

Mr. RUDMAN. Ms. Hall, did you know that it was White House personnel that were standing in the office barring people from leaving? You did know that.

Ms. HALL. I knew it was an NSC official, yes.

Mr. RUDMAN. It wasn't the KGB that was coming, Ms. Hall, it was the FBI.

Ms. HALL. That's true, sir, but we do in this country have a tendency to have classified documents get on the front page of the *New York Times*—excuse me, I didn't mean to say that—but other newspapers in general.

Sorry about that. I didn't mean it.

Mr. RUDMAN. Ms. Hall, I want to tell you that I have read your deposition. I want to thank you and your attorney for being forthright.

This has got to be a very difficult time for someone like you. I think that you have done us a service by coming forward.

This has not been easy for you or for the committee because you were caught in the middle of something, and we thank you for your testimony.

Ms. HALL. I appreciate your comments, sir.

Chairman HAMILTON. Mr. Cheney.

Mr. CHENEY. Thank you, Mr. Chairman.

I would like to follow up briefly on the security question.

Obviously when you work in the West Wing on the NSC, certain security procedures are standard for everybody, everybody is cautioned to be very careful about what they discuss, everybody receives a full field investigation before being employed and is briefed on those programs they need to have access to.

Ms. HALL. That is correct.

Mr. CHENEY. And it is not at all abnormal to have burning and shredding. That is a standard practice just to destroy information that you don't want to throw in the waste basket which someone might read that's sensitive.

Ms. HALL. Yes, sir.

Mr. CHENEY. Could you describe the guidance you received from Col. North with respect to the security procedures you were to follow in your job? Were they anything out of the ordinary?

Ms. HALL. No, sir. I had worked with the government for 10 years and with classified material. I know what to do.

Mr. CHENEY. And the procedures you followed at Colonel North's office were the same that you followed at the Pentagon or anywhere else?

Ms. Hall. Yes, sir.

Mr. Cheney. Were you, by virtue of the sensitive nature of the activities Colonel North was involved in, given any extra special guidance from him as to how you should function?

Ms. Hall. No, sir. I think he recognized that I was a loyal secretary to him and also to my country.

Mr. Cheney. Let me come back a moment, if I can to a point Mr. DeWine raised. He asked about Colonel North's relationships with Admiral Poindexter and Colonel McFarlane.

I would like to explore his working relationships in terms of his style of operation.

We all know that there are people who, when given direction by a superior, will follow explicitly through step by step to undertake a certain task.

There are others who demonstrate initiative. If assigned a problem, they will go out on their own and find creative ways of addressing the problem, and a third category, those who don't wait to receive an assignment, but identify a problem and develop on a course of action and try to persuade their superiors to follow that course of action.

Which model would Colonel North fit most closely with?

Ms. Hall. Probably the latter. He was creative and never gave up. There was always a means to achieve a goal. I don't believe that he would, my opinion, do anything without authorization.

Mr. Cheney. Do you perceive a conflict there at all in terms of showing and demonstrating initiative on the one hand, and on the other hand waiting for authorization to undertake an activity?

Ms. Hall. I don't see a conflict, no. I think they can work hand in hand.

Mr. Cheney. Did you ever have the sense that he was developing policy options and then taking those to his superiors, to Mr. McFarlane and Admiral Poindexter, trying to persuade them to pursue that course of action?

Ms. Hall. He had ideas to overcome barriers and to find the means. I would say that he was creative in his work and I would say that many of his policies were accepted and authorized many times.

Mr. Cheney. Are you aware of any policy options he developed that were turned down?

Ms. Hall. I don't remember ever seeing a disapproved memorandum. He never sent information memorandums. It was always an action memorandum.

Mr. Cheney. And every single action memorandum he ever sent was always approved?

Ms. Hall. I never remember seeing a disapproved memorandum. There possibly could have been one back maybe not marked at all, as we have seen from Admiral Poindexter with a notation of some kind. In the 4 years I worked for Colonel North, in my recollection, I never saw a disapproved memorandum.

Mr. Cheney. Would he submit an action memorandum to anyone other than Admiral Poindexter or Colonel McFarlane?

Ms. Hall. He also worked for William Clark. Directly from him, I don't believe so.

Mr. CHENEY. In other words, the only memoranda you ever typed or have any knowledge of would have gone directly from Colonel North to whoever the National Security Adviser was at the time; and secondly, it is your testimony that none of those were ever disapproved or you don't recall whether any were disapproved?

Ms. HALL. That is correct.

Mr. CHENEY. A final question and you made some reference to this earlier. Do you have any reason to doubt that Colonel North had authority for everything he did as an employee of the National Security Council?

Ms. HALL. If he had authority for everything he did?

Mr. CHENEY. Did he ever undertake any activity without the knowledge or approval of his superiors, to your knowledge?

Ms. HALL. In my opinion, I don't believe he did so, no.

Mr. CHENEY. Thank you.

Chairman HAMILTON. The Chair will interrupt the questioning just to announce to Members that the State Department has advised us that Mr. Hakim's KL-43 communication device is now in the possession of the U.S. Government and at our mission in Geneva.

Mr. Stokes and others were interested in that, and I thought the Members would like to know.

Mr. RUDMAN. Senator McClure?

Mr. MCCLURE. Thank you, Mr. Chairman.

I want to focus for a few minutes on the origination of policy which I believe is part of what this committee is supposed to be looking at. Yesterday you testified that you first learned about the Iran initiative with a visit by David Kimche in the summer of 1985; is that correct?

Ms. HALL. Yes, sir.

Mr. MCCLURE. Was that a visit to Colonel North or a visit to Mr. McFarlane?

Ms. HALL. My recollection is that I believe—and I could be wrong—that I believe Mr. Kimche came to our office first as a holding room until Mr. McFarlane was ready to see him.

Mr. MCCLURE. Had you ever met Mr. Kimche before?

Ms. HALL. No, sir.

Mr. MCCLURE. Do you know whether Colonel North knew him before?

Ms. HALL. I don't believe he did, sir. I don't know.

Mr. MCCLURE. Had there been phone calls before that time?

Ms. HALL. No, sir.

Mr. MCCLURE. And he did meet with Colonel North?

Ms. HALL. My understanding of him being in the office was as a holding room. I don't know if they had words. I don't know.

Mr. MCCLURE. I assume that Mr. McFarlane contacted Colonel North and told him of the meeting; is that correct?

Ms. HALL. I would have to think about how it was arranged. I thought Mr. Kimche was, and I could be wrong, was introduced by Mr. Ledeen. I am not sure, so I believe that maybe Michael might have worked with us in saying let's have a meeting with Mr. McFarlane, Mr. Kimche came to the office as a holding room and then went to see Mr. McFarlane.

I could be wrong, that is my recollection.

Mr. McClure. Were there any discussions about Mr. Kimche after the meeting took place?

Ms. Hall. I don't sit in discussions. I don't know, sir.

Mr. McClure. You didn't overhear any?

Ms. Hall. That was a long time ago. I don't remember.

Mr. McClure. You testified yesterday that you knew Mr. Ledeen, that he visited the office frequently?

Ms. Hall. Yes, sir.

Mr. McClure. You stated that he came to the office to read, that he was there for a reading purpose. In addition to the daily and monthly DIA terrorism summaries, what else was Mr. Ledeen allowed to read?

Ms. Hall. I think he was allowed, authorized to read certain files perhaps when there was a terrorist incident and how we reacted to it and overall how the incident was taken care of. That would be pertinent to him since he was considered to be a terrorism expert as a consultant to NSC that he would need to see those files.

Mr. McClure. How long had you known Mr. Ledeen?

Ms. Hall. I met him when he came to visit Colonel North. I understand that he was on with General Haig. I am trying to remember—I guess probably in 1984.

Mr. McClure. Do you know of his background or anything about him personally?

Ms. Hall. I have read things. I have read articles, and I do know him as a friend.

Mr. McClure. Are you aware of any other NSC consultants who were allowed access to this information?

Ms. Hall. I don't believe so, sir.

Mr. McClure. In addition to his reading appointments, how often did Mr. Ledeen meet with Colonel North personally?

Ms. Hall. Colonel North was usually very busy and a lot of times Michael would have liked to chat with Colonel North but he was unavailable. I don't know that they had a lot of meetings together. I think Mr. Ledeen mostly came to the office to read. They did have chats every once in a while when Colonel North was there, but a lot of times Mr. Ledeen, like I said, would like to have seen him but Colonel North was unavailable.

Mr. McClure. And phone calls?

Ms. Hall. The phone calls that came in were basically to say, hey, I am going to stop by today and read. There might have been a few others in addition to that where he did talk to Colonel North.

Mr. McClure. When did that first start?

Ms. Hall. I don't know, 1985, possibly, 1984. I don't remember, sir. The calendar would reflect the first time Mr. Ledeen came to visit the office.

Mr. McClure. Would he call or visit once a week?

Ms. Hall. He would call to be cleared in to come read. It might be once every 2 weeks, it might be once a month, it varied.

Mr. Ledeen, I believe, also traveled and did other things besides his capacity as terrorism expert to NSC.

Mr. McClure. He was a consultant to the NSC on the basis of his expertise as a terrorism expert?

Ms. Hall. That is correct.

Mr. McClure. If it is any comfort to you, I appreciated your comments a moment ago about the fact that we seem to talk too much and that too much appears on the front pages of the newspapers and you apologized for saying the *New York Times.* I suspect they wear that as a garland of honor that you identified them. I don't think they're offended by it.

But I feel as you do that we oftentimes expose too much of our nation's secrets and that there is a reason for us to withhold some information from public scrutiny, and I can understand the motivation on the part of people who have very sensitive information to withhold that.

Unfortunately, as we often honor that in the breach more than in the observance, the necessity for protection of the nation's secrets and the methods and the means by which we obtain those secrets.

I know Senator Boren feels strongly on behalf of the Intelligence Committee that that has been true in the past with respect to congressional sources as well and I think the serious question we should ask ourselves as a nation is whether the good that comes out of hearings like these outweighs the damage.

Ms. Hall. I strongly agree sir.

Mr. McClure. Thank you for your testimony.

Chairman **Hamilton.** Mr. Fascell.

Mr. Fascell. Thank you, Mr. Chairman.

Ms. Hall, let me ask the question this way. This shredding started on November 21st, as I understand it from your testimony?

Ms. Hall. Yes, sir.

Mr. Fascell. And Colonel North was already shredding?

Ms. Hall. My recollection, sir, is that I think he began shredding and I joined him. If he gets up here and says it happened a different way, I don't deny it. That is just my recollection.

Mr. Fascell. I understand. I don't have any ulterior motive except to maybe get your concurrence that you wouldn't want us to think that that was just normal routine shredding and office procedures.

Ms. Hall. We do shred every day, but we do not shred in the volume we did that day.

Mr. Fascell. So something happened that day that stirred up the hormones as far as Colonel North was concerned, to want to get rid of some document? What do you think it was?

Ms. Hall. I do not know, sir.

Mr. Fascell. It wasn't because Bill Casey was testifying before the Senate Intelligence Committee?

Ms. Hall. I don't know.

Mr. Fascell. You didn't get a phone call that started all of this?

Ms. Hall. I wasn't aware—I had no feelings in me prior to the shredding incident that it was going to happen. I don't know why it happened, what triggered it. I don't know what the motives were.

Mr. Fascell. But you were in your protective mode and you decided that the enterprise, or whatever it was, should be protected and you were perfectly willing to help?

Ms. Hall. Absolutely.

Mr. Fascell. At that time, did you know that an order had been issued to the Attorney General to investigate this whole matter?

Ms. **Hall**. No, I did not, sir.

Mr. **Fascell**. Do you know whether Colonel North knew?

Ms. **Hall**. I have no idea.

Mr. **Fascell**. You have already testified at length about copies and availability of documents. Were you sure in your own mind that the kind of shredding that was going on would eliminate the documents?

Ms. **Hall**. I did not think it would.

Mr. **Fascell**. Did you say so to Colonel North?

Ms. **Hall**. There was a comment I made—and I am not sure if I made—my recollection is I made it to Colonel Earl when I was passed the TRW or KL-43 traffic messages that he passed to me to shred, I think I turned to them and said something along the lines of if the idea is to get rid of all these things, it is going to be impossible. There was no concern. There wasn't like oh my God, you are right, or anything like that.

This was a very relaxed atmosphere, it wasn't tense, close the door, lock the windows, pull down the shades.

Mr. **Fascell**. Was there any discussion about who you were keeping the documents from?

Ms. **Hall**. No sir.

Mr. **Fascell**. Was there any particular person that you felt was more sensitive than any other person who might be included in th documents?

Ms. **Hall**. That is a hard question to answer. I don't know.

Mr. **Fascell**. But you have a feeling?

Ms. **Hall**. No.

Mr. **Fascell**. There were all——

Ms. **Hall**. Of course, there are people that are more important than others perhaps, but I—I just don't know. I would have to answer that, and I think about it, I mean think about it and answer it.

Mr. **Fascell**. Thank you very much.

Chairman **Hamilton**. Senator Sarbanes.

Mr. **Sarbanes**. Ms. Hall, on that Friday, the 21st of November, when you had this shredding effort in the office, did you leave afterwards—is that when your day ended and you went home?

Ms. **Hall**. I believe so, sir. I don't know what I did on November 21st. After I left the office, or when I left it. I don't recall.

Mr. **Sarbanes**. You don't recall what time you left on that day?

Ms. **Hall**. No, sir.

Mr. **Sarbanes**. Was the shredding the last thing that you did before you left?

Ms. **Hall**. I don't recall, sir. I am sure it probably was, and I probably typed Colonel North's 3 x 5 card explaining his day for Monday. That was probably the last thing I did that day.

Mr. **Sarbanes**. When you interrupted altering the originals and eliminating the copies, that enterprise, in order to do the shredding, is that correct?

Ms. **Hall**. That is my memory.

Mr. **Sarbanes**. And when you finished the shredding, you did not go back to working on eliminating traces of the altered originals, is that correct?

Ms. **Hall**. Yes, sir. That was my mistake, but somewhat in my defense, I have to say the office is extremely busy. The phone is ringing every 3 minutes. It is a very hectic environment.

Mr. **Sarbanes**. Well, I am not sure it is your mistake, because if one takes the view that altering the originals shouldn't have been done in the first place, then at least the mistake was not compounded by you returning to it.

Ms. **Hall**. I didn't know quite the urgency of these documents because I had no idea that Colonel North would be fired on Tuesday. I don't know the extreme urgency of this, and I don't know that Colonel North knew it either.

Mr. **Sarbanes**. When you came back to the office on Monday had it been secured at that point?

Ms. **Hall**. No, it had not.

Mr. **Sarbanes**. When was the office secured and access to files denied to the people who worked there?

Ms. **Hall**. Tuesday, November 25th, I would say when Brenda Reger came in. My account of that is around 4 o'clock.

Mr. **Sarbanes**. Around 4 o'clock in the afternoon on Tuesday?

Ms. **Hall**. Yes, sir.

Mr. **Sarbanes**. Did any shredding take place on Monday or up until 4 o'clock, any additional shredding?

Ms. **Hall**. Not to my knowledge, sir.

Mr. **Sarbanes**. When you left the office on Tuesday with Colonel North and Mr. Green, were briefcases inspected as you left the office?

Ms. **Hall**. Yes, they were, sir.

Mr. **Sarbanes**. And did Colonel North have a briefcase?

Ms. **Hall**. I believe he did, sir.

Mr. **Sarbanes**. Did Mr. Green?

Ms. **Hall**. I don't recall.

Mr. **Sarbanes**. Was Mr. Green there when this inspection was taking place, as you all were leaving?

Ms. **Hall**. Mr. Green entered the office with Colonel North. They were there for only maybe 4 or 5 minutes at the most, as Colonel North took a phone call, and then he left. He was there while Brenda Reger and Bill Van Horn were there, yes, he was there when they were there. He was there for about 5 minutes.

Mr. **Sarbanes**. So he realized the office had been secured, did he not?

Ms. **Hall**. I assume that he did. I don't know for sure. I assume that he knew who the people were. I don't know.

Mr. **Sarbanes**. On these originals that were altered by you, that was done pursuant to a marked up copy that was given to you by Colonel North, is that correct?

Ms. **Hall**. A marked up original, yes, sir.

Mr. **Sarbanes**. So he had written in hand on it the revisions that he wanted, is that correct?

Ms. **Hall**. Yes, sir.

Mr. **Sarbanes**. For instance, if you would turn to exhibit no. 5, on the third page of that exhibit, where it says "recommendation," and then it says that the current donors be approached to provide $15 to $20 million additional between now and June 1, 1985—that was what the original said. Then if you would turn to 5A, the recommendation has been changed to read that you brief the President on the current situation and urge concerted action on immediate congressional approval of a $14 million CIA supplemental and $75 to $100 million for next fiscal year. So that is a complete change in the recommendation, is it not?

Ms. HALL. Yes, sir.

Mr. SARBANES. And Colonel North did that by handing you the original and having marked out what was there and written in this revision, is that how it happened?

Ms. HALL. I believe so, sir.

Mr. SARBANES. And you realized at the time, I take it, that the recommendation was being changed significantly?

Ms. HALL. As I have said before, I don't have an independent—a specific recollection of the changes that were made. They are now very obvious to me since they have been pointed out and described in detail. I am sure when I was typing it, I knew I was changing the recommendation, but, as I testified before, I didn't know the substance of the changes. If I had, I wouldn't have left the attachments on the other document. I was typing, changing, printing off and xeroxing, and that was my job, and I wasn't reading or trying to find out his motives or what he was trying to hide. I was purely a typist, sir.

Mr. SARBANES. Colonel North, on the document he gave you, had scratched out the recommendation and written in a different recommendation, is that correct?

Ms. HALL. I believe he probably did, sir.

Mr. SARBANES. And that is what you typed on the altered original?

Ms. HALL. Yes, sir.

Mr. SARBANES. And then you checked on the altered original——

Ms. HALL. Yes, sir.

Mr. SARBANES. —approval, which had not appeared on the original, is that correct?

Ms. HALL. It could be that the copy we have in our exhibit is a copy of the original original, but not a copy of the acted-upon original. What I am trying to say, sir, is that an original might go across the street, and it certainly came back with an action taken on it, but that copy of a completed memorandum might not have been xeroxed and placed in our files, so what you have here in exhibit 5 might not be the original acted upon document. I am sure that a System 4 document did not come back without action taken on it, and I don't remember seeing a disapproved document that Colonel North wrote.

Mr. SARBANES. But with all the documents, what happened is Colonel North handed you the original marked up for retyping with his changes placed on that original, is that correct?

Ms. HALL. That is correct, sir.

Mr. SARBANES. Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Broomfield.

Mr. BROOMFIELD. Thank you, Mr. Chairman.

Ms. Hall, I want to join the other members of the committee in congratulating you on how candid and forthright you have been in answering the questions. I think you have been an extremely valuable and good witness.

Ms. HALL. Thank you, sir.

Mr. BROOMFIELD. I am sure that our good friend, Ollie, probably is watching, and his family, and that they can't help but be very proud of your loyalty and dedication to him during the past 4 years that you worked for him.

You have known him a long time, and from your close-up view, did you believe he was unquestionably dedicated to President Reagan and what he stood for in foreign policy?

Ms. HALL. There is no doubt in my mind, sir.

Mr. BROOMFIELD. Do you think that Colonel North would consciously engage in conduct which he believed, if found out, would jeopardize the President in any way or the policies in the best interest of our country?

Ms. HALL. Absolutely not.

Mr. BROOMFIELD. Ms. Hall, I wanted you to know, because there has been a lot said, that if we could only get Colonel North here, this could be over in a hurry. A lot of us on this panel wanted him up here for a long time—we wanted to give him immunity right off the bat. It didn't work that way for two reasons. A lot of members on this committee didn't want to give him immunity, and probably the second reason was Independent Counsel Walsh didn't want to give him immunity. He still doesn't want to give immunity to Colonel North. This committee granted immunity last week, and it wasn't unanimous, so that there has been a problem in getting immunity to him, which I think he is entitled to. We won't get the full story until we have Colonel North and probably Admiral Poindexter before this committee to hear what they have to say about the entire matter, wouldn't you agree?

Ms. HALL. I agree and would like to add that someone might want to read "The Man in the Arena" by Theodore Roosevelt. I think it depicts the situation correctly.

Mr. BROOMFIELD. You remember a time when terrorists hijacked the *Achille Lauro*. Can you tell us about Colonel North's involvement in forcing down the *Achille Lauro*?

Ms. HALL. I don't know details, but I know that he was very effective in, as some people have referred to, hijacking the hijackers of the *Achille Lauro*. His roles in terrorist incidents were extensive, and I consider him a central figure and an effective player.

Mr. BROOMFIELD. I thank you for that. I think Senator Hatch has asked you many of the questions that I wanted to ask of you, and you have answered very fully. Again, I want to compliment you on your appearance here before our panel.

Mr. RUDMAN. Senator Cohen.

Mr. COHEN. I don't want to use this as a debating forum for Members of Congress, but I find it hard to accept the proposition that anyone would call Colonel North's position as not only a military officer, but the position he held, as entitled to immunity. I don't think he is entitled to anything. We're granting him immunity because we want to get all the evidence.

I don't think anyone should be in a position of asserting that they are entitled to immunity. That is just my particular view here, and not that necessarily of the other members.

Ms. Hall, you indicated that you were part of the team. My question is: what team?

Ms. **Hall**. A part of the National Security Council team, sir.

Mr. **Cohen**. Would that team include Colonel North?

Ms. **Hall**. Absolutely.

Mr. **Cohen**. Did it include General Secord?

Ms. **Hall**. General Secord was working with us in an effort——

Mr. **Cohen**. Colonel Dutton?

Ms. **Hall**. He—yes.

Mr. **Cohen**. Albert Hakim?

Ms. **Hall**. Yes. These were people we were working with.

Mr. **Cohen**. Colonel Earl?

Ms. **Hall**. When I referred to the team as I did before, that reference concerning our office, not the entire people we work with throughout the department, the U.S. Government, and all the people we came in contact with. I'm talking about a team within our office.

Mr. **Cohen**. That is why you felt you should help in participating in the shredding of the documents in the office, it was part of the team effort that day?

Ms. **Hall**. I, sir, was a secretary to Colonel North. I was acting as a secretary when I participated in the shredding.

Mr. **Cohen**. You indicated it was not your policy to ask any questions. If Miss Napier had handed you $16,000 in cash and asked you to turn that over to Colonel North, would you have asked any questions then?

Ms. **Hall**. No, sir.

Mr. **Cohen**. That would not have raised any questions in your mind?

Ms. **Hall**. As I said, I believe that Colonel North was doing what was right. I had worked for him for 4 years and had never seen any unusual or suspecting any foul play or bad characteristics in him. And therefore that is why I felt that I need not question someone I admired and respected.

Mr. **Cohen**. So as long as you believed that what he was doing was right, you would never question anything that he might do to carry that out?

Ms. **Hall**. Sir, I believed in what we were doing in the office. I won't say I wouldn't question anything he might do. I believed in the efforts within our office.

Mr. **Cohen**. Now, you altered some documents—I think you indicated to Congressman Stokes that you altered many documents for Colonel North during the time that you were employed.

Ms. **Hall**. We can use the term "alter" when we are talking about originals. When I am referring to I changed many documents in my 4 years——

Mr. **Cohen**. Did you ever have occasion to change documents that were over a year old?

Ms. **Hall**. I don't remember ever doing that before, sir. This is the only occasion I remember doing such.

Mr. **Cohen**. I am going to relieve you of a terrible burden that Senator Hatch, I think, placed upon your shoulders. He suggested that perhaps your transposition of those numbers of that account may have led to the unraveling and the exposure of this event.

Ms. **Hall**. I don't believe he did that, sir.

Mr. **Cohen**. I think it was intimated somehow that if those numbers hadn't been transposed, this incident would not have been discovered and the event would have continued as is.

Ms. **Hall**. I think he made a point to say that he was not saying that I did it, I think that point was made by Senator Hatch and I appreciate it.

Mr. **Cohen**. I think the moment we became involved with Mr. Ghorbanifar and his coterie of friends, that this particular initiative was doomed to exposure, and I think that once the second channel was opened up, that we cemented the fact that this was going to ultimately be exposed, as it was.

So I didn't want you to feel that somehow the transposition of those two numbers may have unraveled this entire initiative. I think that is quite to the contrary.

I also think that everybody here is aware of your particular qualities. You are extremely dedicated, intensely loyal to Colonel North and others and, as a matter of fact, I think you have something else which most employers look for—contextural intelligence, not simply a typist or mere secretary. You understand, as you are typing, the context in which these statements are being made, and I think that is an admirable quality that we look for.

But it is not simply as a typist that you were serving at. You did something which I found commendable. During the course of the day when Colonel Earl came over to offer assistance, you said at that point—I don't have your exact language—no need for you to become involved in this.

And I assume at that point you felt that since you and Colonel North were intimately involved at that point with that particular effort of either the shredding or taking out of the documents, you were trying to say two members of the team involved in this are enough, and I think you, in a noble gesture, precluded him from giving you that kind of assistance so you would take that kind of responsibility yourself.

Ms. **Hall**. I don't think those were my motives. I think the reason I said that was because, in fact, it was my idea to take the documents, it was not Bob Earl's.

Mr. **Cohen**. It was your idea, though, to——

Ms. **Hall**. It was my idea to remove the documents, not Bob Earl's. It was my initiative and I felt if I was the one that initiated it, if I dreamed it up, I should be the one to do it.

Mr. **Cohen**. And there was no need for him to become involved in that?

Ms. **Hall**. That is correct.

Mr. **Cohen**. You knew at that particular point you were engaged in something that might lead to some further difficulties, did you not?

Ms. **Hall**. I did. As I said before, I was emotionally distraught. I was upset with the fact that this could all come out. I was protecting the initiative. I was protecting in my sense the country, too.

Mr. **Cohen**. Wasn't Colonel Earl part of the time also engaged in that whole operation?

Ms. **Hall**. Colonel Earl was involved in the shredding. He had no knowledge of the altering of documents. He knew nothing about them.

He had not taken out copies. He didn't know anything about that. All he knew was, he was aware of there had been shredding taking place and he participated.

Mr. COHEN. One final question, Mr. Chairman.

Senator Sarbanes asked you as you were typing along when you were changing some of the documents, I think you indicated you were simply serving as a typist at that point, but you did testify yesterday that you had enough of an awareness, again I call it contextual intelligence, to know that you couldn't imitate John Poindexter's handwriting so therefore you simply checked off "approved".

I suppose one alternative would have been to type in the statement of Admiral Poindexter and have someone initial his——

Ms. HALL. No, sir.

Mr. COHEN. No?

Ms. HALL. Admiral Poindexter doesn't—what I am trying to say, am I saying doesn't type—didn't have a habit of typing his recommendations. It would have stuck out regardless.

I felt that it was better if I just checked it.

Mr. COHEN. So you understood that, that you really couldn't have simulated the original memorandums if you had, in fact, typed in the "PS" or the notation by Admiral Poindexter so you understood that and, therefore, you checked off "approved" as to try to imitate it any other way.

Ms. HALL. I think I probably glanced at his recommendation and if you look at it again it kind of reads that he agreed with the fact the ship needed to be stopped.

Mr. COHEN. I agree precisely with that. I think you understood that after reading the document that he understood what was involved and approved it.

Ms. HALL. No, sir. I didn't read the document. I read the recommendation or the comment made by Admiral Poindexter.

Mr. COHEN. Did Oliver North ever complain to you that he would not have enough money to educate his children?

Ms. HALL. No, sir.

Mr. COHEN. Thank you very much.

Ms. HALL. Sir, I would like to comment on your comment regarding Colonel North and his grant of immunity.

I think that Colonel North is first a U.S. citizen and he has the same rights that you yourself do, sir.

Mr. COHEN. I understand that. I am not entitled to immunity if I were called into question; to claim it I don't believe is a matter of right. I think one can be granted immunity in an effort for a congressional committee to complete its investigation. I don't think anybody is entitled to immunity.

Ms. HALL. If the idea is to complete the investigation, then why not grant Colonel North immunity?

Mr. COHEN. If he was not engaged in any wrongdoing, Ms. Hall, then we wouldn't have to be involved with the question of immunity at all. But that is a matter——

Ms. HALL. We have our separate opinions, sir.

Mr. COHEN. Thank you.

Chairman HAMILTON. Mr. Foley.

Mr. **Foley**. May I take you back to the events of November 25 and I don't want to keep going over old ground but you testified that as an experienced employee of a national security agency you understood the rules of security relating to documents, and the procedures that must always be followed with relation to classified documents in particular.

Ms. **Hall**. That is correct, sir.

Mr. **Foley**. Without any reference to possible obstruction of justice, which is not the purpose of this committee to determine, did you not know that alteration of existing documents in a major, fundamental way was a violation of the responsibility of those who possess those documents?

Ms. **Hall**. I agree with you, sir, and at the time, as I stated before, I felt uneasy but sometimes, like I said before, I believed in Colonel North and there was a very solid and very valid reason he must have been doing this and sometimes you have to go above the written law, I believe.

I don't know, I felt—I believed in Colonel North. Maybe that is not correct. It is not a fair thing to say. I felt uneasy to begin with and I agree with your assessment basically.

Mr. **Foley**. That unauthorized destruction of documents is a gross violation of security.

Ms. **Hall**. I don't know that destruction—OK, you are talking about the altered documents.

Mr. **Foley**. The shredding.

Ms. **Hall**. The shredding. I don't know that it was unauthorized.

Mr. **Foley**. You are not sure whether Colonel North had——

Ms. **Hall**. I don't believe——

Mr. **Foley**. You are not sure whether Colonel North did not have superiors' approval to destroy those documents?

Ms. **Hall**. I have no idea, sir.

Mr. **Foley**. But normally speaking, you would not be engaged in that kind of shredding as a routine daily or routine weekly or monthly activity of your office?

Ms. **Hall**. Sir, we never shredded to the volume we did. In my eyes, those documents could have been shredded, the PROFs in my office could have been shredded every single day. If I completed a phone log, I could have shredded it that minute. There is no reason why it couldn't have been shredded earlier.

Mr. **Foley**. Do you have any doubt that it was an unusual shredding?

Ms. **Hall**. It was unusual. I have said that.

Mr. **Foley**. Finally, under any circumstances, the removal of classified documents from the offices to which they were assigned, removal from those offices and from the building was a gross violation of the security of those documents which for any other purpose, any purpose at all, would justify the severest discipline, isn't that true?

Ms. **Hall**. I agree that it was a gross violation and I honestly, sir, did not know the severity of what I was doing at the time. I wish I could redo it.

Mr. **Foley**. I am not asking particularly the state of mind, but your judgment now and your judgment in any situation in which you were calmly analyzing the circumstances would be that such a removal could not be justified for any purpose when it was secretive and designed to take the documents outside the confined area without authority; isn't that correct?

Ms. **Hall**. Sir, I don't agree that it can't be justified by any means. I believe that it was definitely wrong and there would have to be extraneous reasons for doing that. I mean, we could make up scenarios, the KGB was coming in the door, and you would take them out then. It can be justified in circumstances. It was not in this case.

Mr. **Foley**. You are satisfied it was not in this case?

Ms. **Hall**. Yes.

Mr. **Foley**. Thank you.

Mr. **Rudman**. Senator Heflin.

Mr. **Heflin**. Ms. Hall, I would like to ask your attorney to turn to Fawn Hall exhibit 8 and ask the clerk, also, to give you a copy of Abrams exhibit 10. While they are doing that, let me ask you this: Did Colonel North ever tell you that his wife was going or had gone to Philadelphia to meet a lawyer?

Ms. **Hall**. No, sir.

Mr. **Heflin**. Did the name of Willard Zucker—was that name familiar to you?

Ms. **Hall**. No, sir.

Mr. **Heflin**. As far as you know, then, Willard Zucker never phoned or personally talked to Colonel North at any time?

Ms. **Hall**. That is right.

Mr. **Heflin**. You did not hear Mr. Hakim or General Secord mention the name of Willard Zucker to you?

Ms. **Hall**. No, sir.

Mr. **Heflin**. All right, if you will turn to the exhibit which is marked FH-8 and turn to the fifth page, I believe it—this is the exhibit which is known as the diversion document or diversion memo, or the undated April memo which contains the language

> $12 million will be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces. This material is essential to cover shortages in resistance inventories resulting from their current offensive and Sandinistan counter attacks and to bridge the period between now and when the congressionally approved lethal assistance beyond the $25 million in defensive arms can be delivered.

Now, I believe you have testified that you typed that document.

Ms. **Hall**. Yes, sir.

Mr. **Heflin**. Would you tell us, was it dictated to you by Colonel North, or was it written out and you typed it from a handwritten version, or how?

Ms. **Hall**. Colonel North had a policy shortly after I started working for him that it was—that he would stand behind me as I was at my IBM display writer and dictate as I typed, and I believe there is very few instances where he ever wrote out anything. This way was a very quick process, and it worked, and I believe that is the way this document was done.

Mr. **Heflin**. All right. So prior to the dictation that he gave you of this, had you heard anything pertaining to a $12 million diversion from Iranian arms sales to go to the Contras?

Ms. **Hall**. No, sir.

Mr. **Heflin**. This was the first time that you had heard anything at all about this diversion of arms sales profits?

Ms. **Hall**. Sir, I typed it, I have said before, that I did not—I did not know that there was a diversion of funds. I typed it. The time I am in the office, I am working very fast, I am a facilitator, I move things, I make the office work, I don't retain substance.

Now after this has come along, obviously I am a lot more knowledgeable of exactly what we were doing, because I have read a lot of things. At the time I did not know, so to say that I heard when I typed this, I didn't remember at the time.

Mr. **Heflin**. Now, after you typed it, did you have any discussion with Colonel North pertaining to this diversion of profits from arms sales?

Ms. **Hall**. Sir, I don't believe I did. Someone asked me if I had ever heard a joke made about the fact that Khomeini was now supporting the Resistance, and at one time he was supporting the Sandinistas who were fighting them. That rings a bell. It might have been something I thought, though, myself and laughed. It might have been something Colonel North said. I don't know if it was prior to this, at this time, after this, I just don't remember, but the joke itself rings a bell.

Mr. **Heflin**. All right, now is there anything else that you would like to tell us about this $12 million diversion—I won't say that you would like to, but is there any other information that you have that hasn't been revealed to the committee about the $12 million arms diversion profits?

[Witness confering with counsel.]

Ms. **Hall**. No, sir.

Mr. **Heflin**. Now, if you will look at Abrams exhibit no. 10, this is a photocopy of the card that has this number, a bank account number, that was involved in the Brunei $10 million solicitation. Does this appear to be a correct copy of what you typed on that occasion?

Ms. **Hall**. It appears to be that, sir.

Mr. **Heflin**. All right now, did Colonel North dictate the number? Did he write it out on a piece of paper, or how did you receive it to type it?

Ms. **Hall**. My recollection is that he passed me—I don't know if it was a piece of paper, a card, or what, but I believe it was typed out when he gave it to me. I typed——

Mr. **Heflin**. All right. Is there anything else you would like to say about it? I didn't mean to cut you off.

Ms. **Hall**. Just that I typed the card as I saw it, I thought, and returned both pieces of paper to Colonel North.

Mr. **Heflin**. Did you proofread it?

Ms. **Hall**. No, I did not, sir. It was a very very quick process. I remember that I was being rushed. It was very quick. I did not proofread it. I typed the card and handed both the sheet of paper and the card back to Colonel North.

Mr. **Heflin**. Was anything else said at that time by Mr. Abrams, as I understand he was there, or Colonel North about this being a bank account in which there would be $10 million or any reference to Brunei?

Ms. **Hall**. Absolutely not, sir. I did not know why I was typing what I was typing.

Mr. HEFLIN. So you did not have any knowledge whatsoever at that time pertaining to the Brunei solicitation?

Ms. HALL. That is correct.

Mr. HEFLIN. Did after that time you have any—hear anything or learn anything about a Brunei donation?

Ms. HALL. Only in the newspapers, sir.

Mr. HEFLIN. Only in the newspapers. You didn't hear in the office at all?

Ms. HALL. No, sir.

Mr. HEFLIN. Had you ever typed that number before?

Ms. HALL. I don't believe so, sir.

Mr. HEFLIN. Had you typed any Swiss bank account numbers before?

Ms. HALL. I am not sure I have been shown—I believe Independent Counsel has run off my entire floppy disk and there appears some account numbers on a document. It is a document of account numbers. I don't know how many. And it was on my diskette. I must have typed it. I don't remember typing it.

Mr. HEFLIN. You don't remember typing it before hand or any other occasion, or the instances of the use of the bank account.

Ms. HALL. I don't remember typing—this is the only occasion I actually had an independent recollection of typing. Other than that, I don't have an independent recollection of typing other numbers. Obviously, I did, it was on my diskette, the other diskette that I was referring to.

Mr. HEFLIN. I see my time is up, but let me ask you this, did Colonel North ever make any statement to you which would indicate that he would have control of any Swiss bank account in the event of the death of Mr. Hakim or General Secord?

Ms. HALL. No, sir.

Mr. HEFLIN. Was there ever any conversation that you had with Colonel North which would indicate that there was any connection between the death benefit or educational trust fund that would be coming from the enterprise to him?

Ms. HALL. No, sir.

Mr. HEFLIN. Was there any other discussion pertaining to a will or anything pertaining to matters that might indicate that he was being willed money that was in a Swiss bank account or any account?

Ms. HALL. No, sir.

Mr. HEFLIN. All right. Thank you.

Chairman HAMILTON. Mr. Hyde.

Mr. HYDE. Thank you, Mr. Chairman.

I would like to yield very briefly to Mr. Broomfield.

Mr. BROOMFIELD. Thank you, Mr. Hyde.

I want to make a statement that I do agree with Senator Cohen's statement that Colonel North is not really entitled to immunity but probably an accurate description is that he ought to have an appropriate action, appropriate action would be to give him immunity. I think the public needs to know what happened and get on with this investigation and get it over with so our government can get on with the important issues facing the government.

So I want to apologize to Senator Cohen. Nobody is entitled, but I think it would be an appropriate action to give immunity if we are going to get all the facts and get this behind us.

Mr. **Hyde**. Thank you, Mr. Broomfield.

Ms. Hall, just briefly, without for a moment justifying any violations of law, without for a second saying that secreting classified documents and moving them out of their proper repository and altering documents and shredding important documents, without justifying that or saying that is right and that it was appropriate that you do that, let me just try to understand your state of mind at that time and place.

I can see where it would be very easy to have a siege mentality—"us against them"—because I feel that way in Congress. We have a——

[Laughter.]

Let me—hear me first and then see if you don't agree with me. We have a policy in Central America enunciated by the administration and supported by most Republicans—certainly not all, but most Republicans support it. And the policy is in general to be consistent towards the Democratic Resistance fighting the Communist Sandinistas. These campesinos, thousands of people who left their families and homes, who are fighting for the—recapture of their own country, their own revolution, risking life and limb, and we have induced them to make this commitment, and all of a sudden we stop. We slam the door and we walk the other direction—that is, Congress—by its on again, off again policies.

Now, you find yourself in a situation where you believe, you are a true believer, Ollie North is a true believer, and I am a true believer. We believe in the cause, believe in the cause of democracy and freedom and that you are never going to get the Sandinistas to give up power by asking them for it. They have to be pushed. They have to be pushed as part of the strategy to get democracy restored there.

Now, suddenly you find that Congress, with all its wisdom and all of its power, has turned its back on these people again. We offer them refugee status if Honduras would take them—that is the best we can do. And suddenly you are besieged and Colonel North is besieged, and you are trying to support a policy that you still believe in, and parts of your own government—namely Congress—are really your adversaries. Is that not the mental state that you have?

Ms. **Hall**. I would like to say, sir, I don't depict—while we were working, us against Congress. I don't believe that was the motive—not the motive, but I don't believe that was the feeling. I didn't have it. I didn't believe we were against the Congress, we wanted to work with the Congress, to make them see the light and agree with us, to support the policy and to do what is necessary.

I never believed that it was us against the Congress. I believe sometimes I feel that way now, but I never felt it. I believed that what Colonel North was doing was in fact what he said in his memorandum, trying to bridge the time between when the Congress finally made up their minds to support the Contras, if they in fact did.

Mr. **Hyde**. But the policy was under siege, the policy had been rejected and repudiated by the Congress. The Congress——

Ms. **Hall**. By some members, yes.

Mr. **Hyde**. By the majority.

Ms. **Hall**. Yes.

Mr. **Hyde**. By the majority. And here is this question of life and death and freedom and these very important issues under siege and you are in a protective mode and you are not alone, a lot of us feel in a protective mode towards what we conceive to be far more important than even adhering to every jot and tittle of the law that was apparently made of silly putty because we kept changing it so much.

Ms. **Hall**. I agree. I think—well, I agree.

Mr. **Hyde**. Good.

Thank you.

Mr. **Rudman**. Mr. Trible.

Mr. **Trible**. Thank you, Mr. Chairman.

Ms. Hall, in your dialogue with Congressman Foley, you seemed to suggest there were times when one could go above the law. Did you really mean to say that?

Ms. **Hall**. No, and I said, I believe I retracted that. I tried to——

Mr. **Trible**. Let me give you an opportunity to do that.

Ms. **Hall**. We all say things out of emotion that we don't necessarily mean.

Mr. **Trible**. I just wanted to give you an opportunity to set the record straight.

Ms. **Hall**. I don't feel that.

Mr. **Trible**. You were not suggesting that you were serving some higher good that permitted you to undertake these activities?

Ms. **Hall**. No.

Mr. **Trible**. Now, I want to establish the timing of an event more precisely. When Colonel North returned with Mr. Green to the White House pursuant to your phone call, was Colonel North still a member of the NSC?

Ms. **Hall**. I believe he still had his badge, but I am not sure. He was fired as of 12 o'clock, sir, when the press conference came. That is my interpretation of it. I don't believe he needed to be cleared back in. I believe he still had his White House pass. It might have been revoked the next day.

Mr. **Trible**. But he had been fired at that point?

Ms. **Hall**. Yes, sir.

Mr. **Trible**. So he was no longer a part of NSC Staff?

Ms. **Hall**. Yes, sir.

Mr. **Trible**. Now, let me ask you one other question. You talked about Colonel North attending meetings of the interagency group. This was the group whose task it was to oversee our activities in Central America; is that correct?

Ms. **Hall**. I believe so.

Mr. **Trible**. Do you know who the members of that inter-agency group were?

Ms. **Hall**. I'll try to remember.

I believe Elliott Abrams chaired the meeting. I know that Alan Fiers attended. I know that Colonel North attended. DOD, I think it was Armitage. I could be wrong.

Mr. **Trible**. So——

Ms. **Hall**. JCS was probably Moellering. I am not positive.

Mr. TRIBLE. So it was a large group of people?

Ms. HALL. Yes.

Mr. TRIBLE. How often would this group meet?

Ms. HALL. I believe they tried to meet once a week.

Mr. TRIBLE. Now, there was also testimony that there was another RIG, a smaller one, of three parties—Oliver North, Secretary Abrams and a representative of the CIA. Was there another group that met regularly, as well, focusing on Central American activities?

Ms. HALL. That is my—I think I am referring to the RIG.

Mr. TRIBLE. All right. So when the word "RIG" is used, in your mind it is this larger group that you have described?

Ms. HALL. Yes.

Mr. TRIBLE. All right. Did Colonel North also meet on a regular basis with Secretary Abrams and a representative of the CIA relative to his activities and American policy in Central America?

Ms. HALL. I don't know. I don't recall that, sir. The only meeting I know of that happened once a week, I know, was the RIG.

Mr. TRIBLE. And the RIG was composed of more than three people?

Ms. HALL. I think it was, yes.

Mr. TRIBLE. All right. Thank you, ma'am.

Thank you, Mr. Chairman.

Chairman HAMILTON. Mr. Rodino.

Mr. RODINO. Thank you very much, Mr. Chairman.

Ms. Hall, the day that the shredding took place—I think it took place in the evening, however; is that correct?

Ms. HALL. Yes, sir. Late afternoon, early evening.

Mr. RODINO. Afternoon or the evening?

Ms. HALL. Yes. I think I stated yesterday that my recollection was it was in early evening, but according to the calendar, I believe Colonel North met with Mr. Green at 5:30 that day and I don't believe he returned, so it must have happened before 5:30.

Mr. RODINO. Now, you stated that you were protective of the initiative. Were you also concerned with protecting individuals, named individuals on those telephone logs?

Ms. HALL. I believe so, sir. I believed if the phone logs revealed General Secord and others, that—I mean that the whole thing would have unraveled. It is like why is General Secord coming here these amounts of times, blah, blah, blah.

Mr. RODINO. Had it occurred to you, Ms. Hall, that that day there were congressional hearings that were going to take place relative to this matter?

Ms. HALL. I believe I knew that the DCI was having hearings, but at the time—see, now, I have reviewed my calendar several times with independent counsel and also with the staff here on the Hill. At the time I am working a very fast pace, sir, I put the appointment on the calendar, the next thing I am doing is answering the phones. There is just no sequence.

I didn't see the overall picture. I didn't connect them. As I said before, I am a facilitator. I didn't look at the overall picture.

Mr. RODINO. You do recall that you entered into the logs the name of John Poindexter appearing before the committees of the Congress on the 21st?

Ms. **Hall**. I believe that appears there, yes, sir.

Mr. **Rodino**. And your shredding of the logs had no connection with their appearance that day?

Ms. **Hall**. No, sir.

Mr. **Rodino**. Ms. Hall, we have had testimony—and I would just like you to clear this up, because you testified that you didn't recall receiving an envelope from Shirley Napier. We have had testimony, however, to the effect that there was $16,000 that was included in mail that you receipted from Shirley Napier.

Now, when you say you don't recall, are you saying that it didn't occur or you just don't remember?

[Witness conferring with counsel.]

Ms. **Hall**. I have testified that I do not recall but I do not deny.

Mr. **Rodino**. You do not deny——

Ms. **Hall**. I do not deny that she delivered a package to me and that it possibly contained $16,000. I don't recall or remember ever opening a package that contained $16,000, but I don't deny that the package could have been delivered to the office, could have been delivered to me.

Mr. **Rodino**. Had Colonel North ever instructed you not to open any mail, any particular mail?

Ms. **Hall**. No, sir.

Mr. **Rodino**. Do you recall ever having seen a photo album in Colonel North's office or did you hear Colonel North talk about a photo album which contained photos of the operation or the enterprise in Central America?

Ms. **Hall**. I have seen the photo album, sir.

Mr. **Rodino**. Do you know whether or not Colonel North in any way ever indicated to you that he showed that photo album to the President?

Ms. **Hall**. I have no idea, sir.

Mr. **Rodino**. I don't have any further questions.

Thank you, Mr. Chairman.

Chairman **Hamilton**. Mr. Brooks.

Mr. **Brooks**. Thank you, Mr. Chairman.

Ms. Hall, you testified that one of your duties that you performed for Colonel North was to make his travel arrangements.

Could you describe for the committee the types of traveling that Colonel North did, the frequency, and the destinations?

Ms. **Hall**. Colonel North traveled quite frequently with regard to the Iranian initiative and its efforts also to obtain release of the American hostages.

Mr. **Brooks**. Were all of the trips official business?

Ms. **Hall**. Yes, sir.

Mr. **Brooks**. Did anyone above Colonel North in the chain of command have to authorize his official travel or could he do it himself?

Ms. **Hall**. Absolutely not, sir. Colonel North was required to be—to obtain authorization for every trip he made and even, in fact, if he was to be outside of the office for just leave.

He was given authorization every trip that he made.

Mr. **Brooks**. From Admiral Poindexter?

Ms. **Hall**. From the Security Adviser.

Mr. **Brooks**. Mr. McFarlane?

Ms. HALL. Yes.

Mr. BROOKS. Would you describe how the trips were paid for, the transportation, per diem, expenses, et cetera?

Ms. HALL. Often, Colonel North's trips were done at the last minute and the NSC procedure was it required 5 days to get an advance and, therefore, that usually wasn't the case with Colonel North's travel.

So when he returned, he would fill out a voucher and be reimbursed for his travel by the NSC.

Mr. BROOKS. Did he fly back commercial or military or private plane?

Ms. HALL. I believe all his trips were done on commercial airlines excluding the trip to Tehran which was, I believe, done on a military aircraft.

Mr. BROOKS. When he went to address potential donors to the Contras, did he use government travel?

Ms. HALL. I don't believe he ever visited contributors in an official manner outside. They always came to the office, sir. He never traveled to see contributors.

I believe he might have visited a contributor as a friend purely. When he took his family with him, it was a friendly basis.

He had become friends with the person.

Mr. BROOKS. You didn't know of any speeches he made to them outside of the White House?

Ms. HALL. Colonel North often makes speeches to various groups. One was the Council for National Policy and I forget how his travel was covered by that. I will have to think about that for a moment.

I believe the council paid for that travel. If we got a memorandum of his travel, we could verify that.

I believe the Council for National Policy covered his travel to and from where their meetings were held since he was a speaker.

Mr. BROOKS. As far as we know now, the flurry of activity on the week of November 17 to 21 involved the preparation of a chronology, a Presidential press conference on November 19th, the clarification of the President's comments immediately after the press conference, a meeting to prepare CIA Director Casey to testify before the Senate Intelligence Committee—all of these dealt exclusively with the Iran arms deliveries and the hostages.

None of them had anything to do with the Contras.

Attorney General Meese has said that he knew nothing about the diversion of funds to the Contras until Saturday or Sunday, November 22d or 23d. And yet on Friday, the 21st, the documents that Colonel North was altering, had you alter them, shredded them, apparently all dealt with the Contra activities.

Do you have any idea why Colonel North was so concerned about Contra documents on Friday the 21st before the issue had come up with anyone else so far as we know?

Ms. HALL. I don't know, sir.

Mr. BROOKS. No further questions, Mr. Chairman.

Chairman HAMILTON. Mr. McCollum.

Mr. MCCOLLUM. Thank you very much, Mr. Chairman.

Ms. Hall, I just have a couple of questions to clarify a few matters.

You have pretty well answered this, but I think it needs to be explicit.

Has there ever been indication to you that anyone higher than Colonel North ordered the shredding or alteration of documents on November 21st or knew anything about it?

Ms. HALL. I don't know, sir. I didn't ask Colonel North and he didn't offer information as to why he was shredding, or who had told him to shred, or perhaps if anyone had told him to shred at all.

Mr. MCCOLLUM. There is nobody else you know of at all, from any other source?

Ms. HALL. No, sir. Honestly, I don't know.

Mr. MCCOLLUM. At any time did you overhear Colonel North or anyone else say that they had personally discussed with President Reagan fundraising for the Contras?

Ms. HALL. I don't remember someone discussing it. I am aware that the President met with many of the contributors that contributed to the Contra effort, and I believe he might have met with some individually. I don't know.

Mr. MCCOLLUM. But you don't ever recall overhearing anyone discuss their conversation with the President about the subject?

Ms. HALL. No, sir. It was my impression that he probably knew, but I don't remember.

Mr. MCCOLLUM. At any time did you ever overhear Colonel North or anyone else say that they had personally discussed with President Reagan the diversion of moneys from the arms transactions for the benefit of the Contras?

Ms. HALL. No, sir.

Mr. MCCOLLUM. At any time, did you overhear Colonel North or anyone else say that they had personally discussed with President Reagan any matter whatsoever concerning the Iranian arms deal and the hostage rescue efforts?

Ms. HALL. Could you repeat that.

Mr. MCCOLLUM. At any time, did you overhear Colonel North or anyone else say that they had personally discussed with President Reagan any matter whatsoever concerning the Iranian arms deal or the hostage rescue efforts?

Ms. HALL. There were several meetings, I believe, with the President on those issues.

Mr. MCCOLLUM. That Colonel North had?

Ms. HALL. Yes, that he attended.

Mr. MCCOLLUM. And he mentioned to you the fact that he had discussed these things with the President personally?

Ms. HALL. No, he didn't, sir. Colonel North attended the meetings at which the President was present that those matters were discussed.

Mr. MCCOLLUM. But other than those occasions, you do not recall any discussions that someone described to you with the President about the Iranian arms matters or about the hostage rescue efforts?

Ms. HALL. No, sir.

Mr. MCCOLLUM. There is one figure in all of this who we have not discussed.

You described for a number of people different relationships that Colonel North had with other figures in the government at the time.

I don't recall your describing the relationship between Colonel North and Donald Regan.

Could you do that for us?

Ms. **HALL**. I wasn't asked about it, sir.

I don't know what the relationship was specifically. Don Regan never called on the phone or Colonel North never called Don Regan.

I don't know that they ever met privately. Don Regan, as I understand it—he took on as Chief of Staff a role that he attended every meeting, I believe he attended most meetings. He was included on the list of Presidential meetings, et cetera. I wouldn't say that the relationship was close.

Mr. **McCOLLUM**. Did Colonel North ever express his views to you about Donald Regan?

Ms. **HALL**. I don't believe so, sir.

Mr. **McCOLLUM**. Do you know who called Colonel North to tell him he was fired or how he learned it?

Ms. **HALL**. No, I don't.

Mr. **McCOLLUM**. I don't have any more questions, Mr. Chairman. Thank you very much.

Chairman **HAMILTON**. A vote is pending in the House. There are three more Members on the House side under the 5-minute rule and I understand one Senator. That Senator is not here at the moment.

May I suggest that we take about a 10- or 15-minute recess. The Chair would like to complete its work this morning rather than come into an afternoon session.

So the chair declares a 10- to 15-minute recess while the House votes.

[Recess.]

Chairman **HAMILTON**. The joint hearings will resume with Mr. Boland.

Mr. **BOLAND**. Ms. Hall, you said that your concealing documents on your person and taking them past security out of the White House was motivated, at least in part, by a fear that they might fall into the hands of unauthorized parties; is that correct?

Ms. **HALL**. That was my feeling, to protect live sources and that type of thing. For the security of the country rather than from a more—what some people might refer to as more negative motivation. It was purely from that.

Mr. **BOLAND**. You gave those documents to Colonel North in the presence of Tom Green; is that correct?

Ms. **HALL**. Yes, sir.

Mr. **BOLAND**. And did you presume that Green had a clearance sufficient to review the documents?

Ms. **HALL**. I did not assume that. I didn't give them to Mr. Green. I didn't show them to Mr. Green. I didn't talk about them to Mr. Green. I gave them to Colonel North.

Mr. **BOLAND**. You testified in a response to a question by Mr. Stokes that while you were not a policymaker, your working for

Colonel North gave you some understanding of the Iran initiative and the Contra Initiative; is that correct?

Ms. HALL. A feeling of it, yes.

Mr. BOLAND. Did you know that Colonel North had directed the employees of the Department of Defense to assist the Contras in identifying the location of potential targets in Nicaragua?

Ms. HALL. No, sir.

Mr. BOLAND. Did you know that Colonel North had directed the employees of the Department of State to open a Southern Military Front in Nicaragua?

Ms. HALL. I was aware of the fact that there was a Southern Military Front, referred to, I think, as the Southern Front. I did not know that he directed the State Department to do so.

Mr. BOLAND. Did you know that Colonel North had directed employees of the CIA to assist in the resupply of the Contras with military equipment?

Ms. HALL. No, sir. I don't know that Colonel North directed anybody to do anything. I don't——

Mr. BOLAND. Who did it appear to you was directing Colonel North's activities in behalf of the Contras?

Ms. HALL. Who was directing his activities on behalf of the Contras? Is that the question?

Mr. BOLAND. Well, the question is—you are aware, of course, that Colonel North was interested in the Contra problem; is that correct?

Ms. HALL. Yes.

Mr. BOLAND. Who did it appear to you was directing Colonel North's activities in behalf of the Contras?

Ms. HALL. Colonel North worked for the National Security Adviser. I assume he took all directions—I feel that he took all directions from the National Security Adviser.

Mr. BOLAND. In another area, how often did Spitz Channell come by the office to see Colonel North from the time that you started to work for Colonel North in February of 1983— how often from that time until November of 1986 did Spitz Channell come by the office?

Ms. HALL. Maybe 15 or 20 times.

Mr. BOLAND. Was he in contact with Colonel North—was Spitz Channell in contact with Colonel North frequently during that period of time by telephone?

Ms. HALL. By telephone—I would say not. The visits were more than the phone calls. Mr. Channell, I would like to say, was a very aggressive, persistent person, and often when Spitz would call, he insisted on talking to Colonel North and I just told him he was unavailable.

A lot of times Colonel North did not have time to deal with Spitz Channell, and sometimes he was frustrated with the numerous phone calls that came in from Spitz Channell. He did not take many of those calls.

Like I said before, I believe that Spitz Channell possibly visited the office 15 to 20 times, and I wouldn't say that they talked frequently on the phone. Spitz Channell called frequently, but they did not talk frequently.

Mr. BOLAND. You have testified that William Casey was an infrequent visitor to Colonel North's office; is that correct?

Ms. Hall. Director Casey has visited the office on two occasions, I believe, and that is it. I don't know if that is frequent.

Mr. Boland. On the occasions that Director Casey did come to Colonel North's office, was he accompanied by anyone?

Ms. Hall. Director Casey was always accompanied by bodyguards.

Mr. Boland. Director Casey had an office in the EOB, too, didn't he?

Ms. Hall. Yes, sir.

Mr. Boland. To your knowledge, did Colonel North frequently meet Director Casey at that office?

Ms. Hall. I would not say that it was frequent. He has visited the office when Director Casey called him down there—I could be wrong. There would be times when I might be out. But in 4 years, my best estimate would be five or six times, possibly.

Mr. Boland. Thank you very much. Thank you.

Thank you, Mr. Chairman.

Chairman Hamilton. Senator Nunn.

Mr. Nunn. Thank you, Mr. Chairman.

Miss Hall, how strongly did you feel about the substance of our policy in Central America?

Ms. Hall. When you say "our policy"——

Mr. Nunn. U.S. policy.

Ms. Hall. The administration's policy?

Mr. Nunn. Yes.

Ms. Hall. I felt very strongly. I believed in the administration's policy to support the Contras.

Mr. Nunn. And you felt it was crucial to our Nation's security to support the Contras?

Ms. Hall. Absolutely; without a doubt.

Mr. Nunn. Have you had that view for a long time?

Ms. Hall. I came to have that view after working on the issue for 4 years, which I think is—we are exposed to the facts in our office, and I believe that is a fair way to make your opinion.

Mr. Nunn. Did you sit around and discuss the policy with Colonel North or others in the office?

Ms. Hall. We were too busy to discuss matters, sir.

Mr. Nunn. The thing that is curious to me is if you felt that important about the policy, it seems to me that your answers yesterday may have some conflict with that feeling. You stated yesterday that you typed but did not read the substance of what you were typing, even very important memorandums; is that correct?

Ms. Hall. That is correct, sir.

Mr. Nunn. You weren't curious about important memorandums when you felt very important about the substance of the policy?

Ms. Hall. I was, sir, but as I stated before, our office was extremely busy. I have testified that at one point I took a copy of the Tehran minutes in order that I might better understand in detail the initiative and, in fact, I never got to read those minutes. I was too busy.

Mr. Nunn. You didn't read them during breaks or——

Ms. Hall. Absolutely not. I didn't have breaks. We never had breaks.

Mr. Nunn. How many hours a day did you work?

Ms. **Hall.** Twelve hours a day or more.

Mr. **Nunn.** You stated yesterday that on repeated occasions you did not ask Colonel North about policy questions. You just didn't have time.

Ms. **Hall.** That is correct.

Mr. **Nunn.** How did you pick up this strong feeling of supporting the Contras if you never read anything you typed and you never discussed it with him?

Ms. **Hall.** Sir, it is very easy if you skim things, after 4 years you are bound to pick up a feeling.

Mr. **Nunn.** Did you read the newspapers?

Ms. **Hall.** No, I never read a newspaper practically in 4 years that I worked for him. I never had time.

Mr. **Nunn.** Never read the *Washington Post* even?

Ms. **Hall.** Sir, I didn't.

Mr. **Nunn.** *New York Times*?

Ms. **Hall.** Sir, I am very—on very few occasions when Colonel North's name started appearing in the newspapers, I tried to clip the papers out but I didn't have time to read the articles. In fact, I still have those at home and I have not read them.

Mr. **Nunn.** It seems to me if you didn't read the newspapers and you didn't discuss it and you didn't read what you typed, there must be some reason why you developed, we have not yet been told of how you developed such a strong feeling on the substance of the policy.

Ms. **Hall.** Sir, I said before that after working 4 years, 12 hours a day, 5 days a week, I wouldn't consider someone too bright if they didn't pick up something after doing all that. You didn't have to read something in detail. I am sure all of us have skimmed the front page of the *Washington Post* or *New York Times* and got a feeling or a mood of what is going on in a certain article.

You don't have to read the article in detail.

Mr. **Nunn.** Did you have a great deal of faith in Colonel North personally?

Did you like him and admire him?

Ms. **Hall.** Absolutely.

Mr. **Nunn.** Did that have something to do with your support of the Contras, the fact that you had——

Ms. **Hall.** No, sir. Me and Colonel North, I think, probably disagreed on some items. I wasn't solely a fanatic about Colonel North. I believe and admire him, and I am a grown-up and adult and I can form my own opinions and morals.

Mr. **Nunn.** Did you ever tell him that anything he was doing was legal or questionable?

Ms. **Hall.** I am not a lawyer. I don't know what is legal and what is not legal.

Mr. **Nunn.** Did you ever tell him that anything was either right or wrong, that you felt it was getting into an area of greyness or anything that was uncertain?

Ms. **Hall.** No, sir.

Mr. **Nunn.** Never had any doubts about right or wrong in what you were doing?

Ms. **Hall.** Absolutely not.

Mr. **Nunn.** Looking back on it, do you?

Ms. **Hall**. I think it was wrong of me to remove documents from suite 302.

Mr. **Nunn**. Do you think it was wrong for him to ask you to do so?

Ms. **Hall**. He didn't ask me to do so.

Mr. **Nunn**. Do you think it was wrong for him to ask you to shred documents?

Ms. **Hall**. My feeling—somebody said the unauthorized shredding of documents—when was it unauthorized? I don't think that it was unauthorized.

Mr. **Nunn**. So you think everything you did was authorized?

Ms. **Hall**. The office was secured on November 25, the shredding took place on November 21, sir.

Mr. **Nunn**. Then the only thing you have remorse about at all is removing those documents?

Ms. **Hall**. Sir, I wish a lot of things could have been done differently. I wish Congress could have voted money for the Contras so this wouldn't have had to happen.

Mr. **Nunn**. In other words, you wouldn't have had to shred the documents if Congress had gone along and done its job and voted aid?

Ms. **Hall**. I believe that—sir, I have no comment.

Mr. **Nunn**. Have you talked, Ms. Hall, to Colonel North since you knew you were going to testify?

Ms. **Hall**. Absolutely not, sir. The last time I spoke to Colonel North was on Betsy's birthday, March 9, 1986.

Mr. **Nunn**. March 9, 1986?

Ms. **Hall**. 1987.

Mr. **Nunn**. 1987. Have you ever discussed with him in any way your testimony?

Ms. **Hall**. Absolutely not.

Mr. **Nunn**. Has he ever given you any instructions or suggestions about what you should say?

Ms. **Hall**. No, sir, and I think that is clear in my testimony regarding my visit to Brendan Sullivan's office when he introduced me to Brendan Sullivan and said that he was his lawyer and to tell him everything, that he was a friend. In fact, I did not tell Brendan Sullivan everything because I was still in my protective mode. I never received instructions on how to handle the situation.

Mr. **Nunn**. Has anyone else in the executive branch of government given you any instructions about what you should testify to or any suggestions or helpful hints?

Ms. **Hall**. Absolutely not.

Mr. **Nunn**. Thank you, Mr. Chairman.

Chairman **Hamilton**. Ms. Hall, I am informed that one other member is on his way and would like to ask some questions.

While we are waiting for him, I want to thank you for your testimony on behalf of the committee. I think you are aware from the comments that have been made by members that we all appreciate the difficult circumstances in which you have been in and are in. You certainly helped the committee and we appreciate it.

Ms. **Hall**. Thank you.

Chairman **Hamilton**. I would like to make some statements about Phase I, which we are concluding, of our hearings. If Mr.

Jenkins comes in during my statement, then we will return to him for questions.

For the past 6 weeks these committees have been meeting to try to find out what went wrong in the processes of the American Government and why. We have heard about 110 hours or more of testimony from about 18 witnesses. Surely it seems to me these committees have heard some of the most extraordinary testimony ever given to the United States Congress. Let me mention a few things that stand out in my mind.

An elaborate private network was set up to carry out the foreign policy of the United States.

Private citizens, many with divided loyalties and profit motives, sold arms and negotiated for the release of American hostages.

Private citizens were given top secret codes and encryption devices and had access to Swiss bank accounts used for United States covert actions and operations.

The President was involved in private and third-country fundraising for the Contras.

Wealthy private contributors were courted at the White House, solicited in coordination with government officials, and given what they told was secret information. American policy became dependent on the contributions of private individuals and third countries.

The President approved the payment of fines or funds rather, to terrorists to secure the release of hostages.

Senior officials did not know and chose not to know important facts about policy.

A National Security Adviser and an Assistant Secretary of State withheld information and did not tell the Congress the truth concerning U.S. involvement in the Contra supply operation and the solicitation of funds from third countries.

When official involvement with the Contras was prohibited, officials of the National Security Council raised money, helped procure arms and set up a private network to ship arms to the Contras. A U.S. Ambassador negotiated an agreement with Costa Rica for a secret airstrip.

The CIA agent facilitated supply flights.

An official designated by the Secretary of State as a "loose cannon," carried out highly sensitive negotiations to obtain the release of American hostages. He gave the approval of the White House to a plan to depose Saddam Husayn and to go to war with the Soviet Union in defense of Iran.

This same official participated with others in an effort to rewrite chronologies, altered critical documents, and organized a "shredding" party to destroy those documents.

This money from the sale of U.S. arms to Iran was diverted to the Contras and for the use of several private individuals.

Money raised for the Contras was used to finance a DEA operation to seek release of hostages.

Contra funds were also provided to Colonel North, perhaps even—although this is not proven—for personal use.

What these committees have heard is a depressing story. It is a story of not telling the truth to the Congress and to the American people. It is a story about remarkable confusion in the processes of government. Those involved, whether public officials or private citizens, had no doubt they were acting on the authority of the President of the United States.

At the outset, Chairman Inouye appropriately asked how could this have happened here? The question now is how can we prevent it from happening again?

For me, these events raise several questions and concerns.

First, our Government cannot function cloaked in secrecy. It cannot function unless officials tell the truth.

The Constitution only works when the two branches of government trust one another and cooperate. Policy failed here because the process of government failed. As Mr. McFarlane told these committees, when the President and the Congress cannot agree, to charge ahead is to invite disaster.

Second, privatization of foreign policy is a prescription for confusion and failure.

The advancement of American national interests depends on the full use of the many resources of the U.S. Government. We are ill-served when it is otherwise. The use of private parties to carry out the high purposes of government make us the subject of puzzlement and ridicule.

Third, accountability, including personal responsibility, has been absent.

My concern is not simply the accountability of funds, but accountability for policy.

Who supervised Colonel North?

Who was responsible for U.S. funds earned from the sale of U.S. arms?

Who asked whether actions taken were lawful?

Accountability requires supervision, and acceptance of responsibility up the chain of command. High officials cannot look the other way or distance themselves from key aspects of policy or the actions of those they supervise.

Accountability requires rigorous oversight by the Congress and a full exercise of the process of checks and balances under the Constitution.

It requires, above all, the operation of the normal processes of government.

These committees have heard a great deal during these past 6 weeks and we have got much to reflect upon.

When these hearings resume later in June, probably June 22d, with other witnesses which we will announce later, my guess is that the committees will return to these themes making the shared powers of the Constitution work, the privatization of American foreign policy, and the accountability and responsibility of public officials.

I want to thank Chairman Inouye and Senator Rudman, the Vice Chairman and Ranking Member, Representative Cheney, and all of the members of the two committees for their extraordinary commitment and attendance and diligence at these sessions.

And before we recess the hearings, I see that Congressman Jenkins has come in.

Congressman, do you want to be recognized?

Mr. JENKINS. Mr. Chairman, all the questions I intended to ask have already been asked.

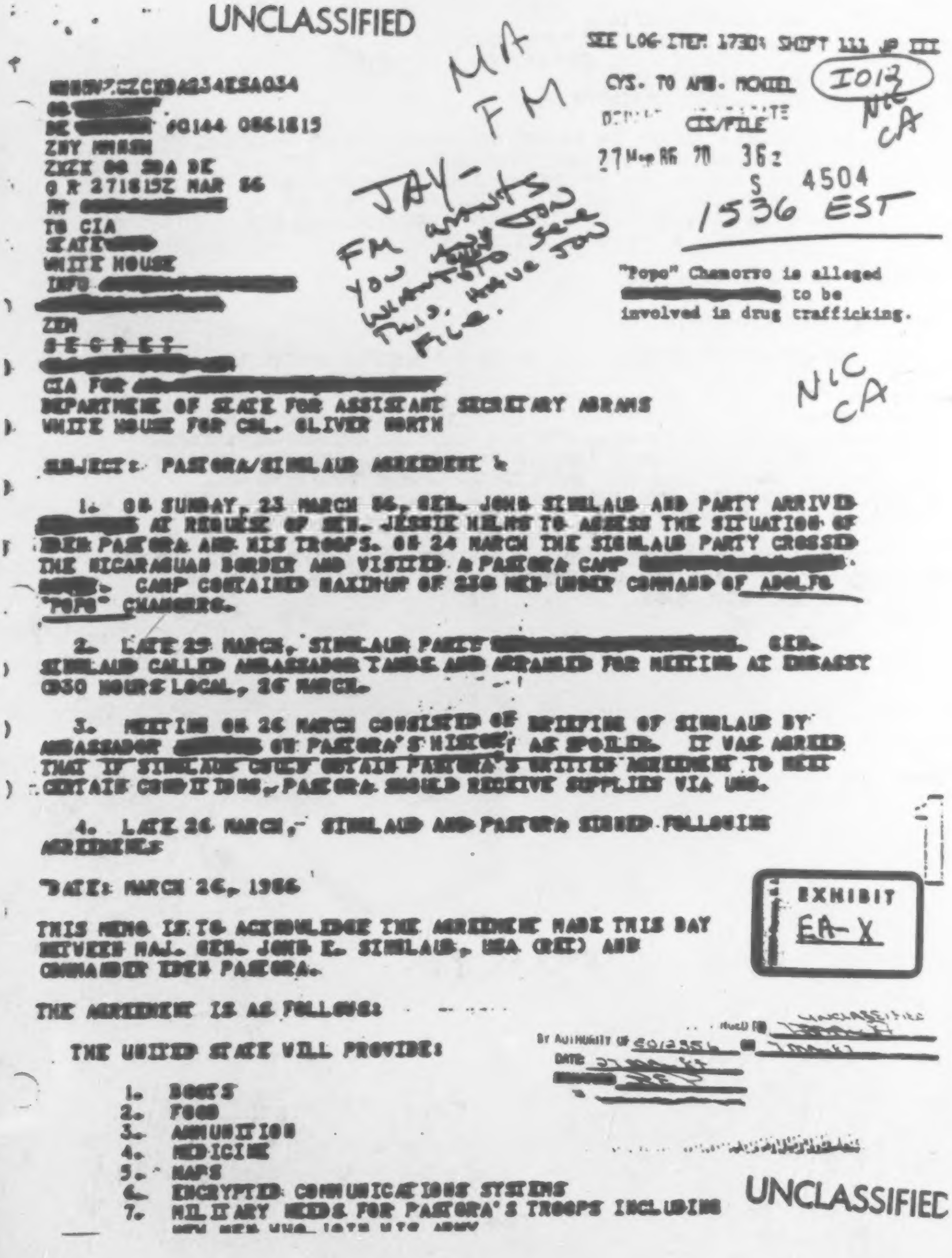
Chairman **Hamilton**. Thank you, sir.

The hearings stand in recess.

[Whereupon, at 12:43 p.m., the Select Committees adjourned, to reconvene on Tuesday, June 23, 1987.]

APPENDIX A: EXHIBITS

EXHIBIT EA-X



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WHITE HOUSE FOR COL. OLIVER NORTH

JAY - FM wants you to have this. File.

"Popo" Chamorro is alleged [redacted] to be involved in drug trafficking.

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SUBJECT: PASTORA/SINGLAUB AGREEMENT

1. ON SUNDAY, 23 MARCH 86, GEN. JOHN SINGLAUB AND PARTY ARRIVED [redacted] AT REQUEST OF SEN. JESSIE HELMS TO ASSESS THE SITUATION OF EDEN PASTORA AND HIS TROOPS. ON 24 MARCH THE SINGLAUB PARTY CROSSED THE NICARAGUAN BORDER AND VISITED A PASTORA CAMP [redacted]. CAMP CONTAINED MAXIMUM OF 250 MEN UNDER COMMAND OF ADOLFO "POPO" CHAMORRO.

2. LATE 25 MARCH, SINGLAUB PARTY [redacted]. GEN. SINGLAUB CALLED AMBASSADOR TAMBS AND ARRANGED FOR MEETING AT EMBASSY 0930 HOURS LOCAL, 26 MARCH.

3. MEETING ON 26 MARCH CONSISTED OF BRIEFING OF SINGLAUB BY AMBASSADOR [redacted] ON PASTORA'S HISTORY AS SPOILER. IT WAS AGREED THAT IF SINGLAUB COULD OBTAIN PASTORA'S WRITTEN AGREEMENT TO MEET CERTAIN CONDITIONS, PASTORA SHOULD RECEIVE SUPPLIES VIA UNO.

4. LATE 26 MARCH, SINGLAUB AND PASTORA SIGNED FOLLOWING AGREEMENT:

DATE: MARCH 26, 1986

THIS MEMO IS TO ACKNOWLEDGE THE AGREEMENT MADE THIS DAY BETWEEN MAJ. GEN. JOHN K. SINGLAUB, USA (RET) AND COMMANDER EDEN PASTORA.

THE AGREEMENT IS AS FOLLOWS:

EXHIBIT
EA-X

THE UNITED STATE WILL PROVIDE:

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BY AUTHORITY OF
DATE

1. BOOTS
2. FOOD
3. AMMUNITION
4. MEDICINE
5. MAPS
6. ENCRYPTED COMMUNICATIONS SYSTEMS
7. MILITARY NEEDS FOR PASTORA'S TROOPS INCLUDING

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THE ABOVE PROVISIONS ARE BASED ON THE FOLLOWING AGREED COMMITMENTS FROM PASTORA:

1. PASTORA WILL LEAVE, WITH HIS TROOPS, [redacted]. PASTORA WILL LEAD HIS MEN [redacted] INSIDE NICARAGUA.
2. PASTORA WILLINGLY WILL ACT IN A COOPERATIVE AND GOOD FAITH MANNER WITH THE OTHER ELEMENTS OF THE NICARAGUA RESISTANCE.
3. PASTORA WILLINGLY WILL ACT IN A COOPERATIVE AND GOOD FAITH MANNER WITH THE ADVISORS SENT TO TRAIN HIS MEN IN THE FOLLOWING SKILLS:

   A. COMMUNICATIONS
   B. INDIRECT FIRE TECHNIQUES
   C. DEMOLITIONS, EXPLOSIVES
   D. LOGISTICS
   E. RANGER TRAINING

4. PASTORA AGREES TO TRAVEL TO EUROPE, SOUTH AMERICA, AND OTHER CENTRAL AMERICAN COUNTRIES TO EXPLAIN THE TRUE NATURE OF THE MARXIST LENINIST SANDINISTA GOVERNMENT. THESE TRIPS WILL BEGIN TO TAKE PLACE AFTER HE HAS MOVED HIS TROOPS AND RESTORED HIS ARMY INTO A STRONG FIGHTING FORCE.

SIGNED: JOHN K. SINGLAUB

SIGNED: EDEN PASTORA"

5. AMBASSADOR'S COMMENT: IN SPITE OF WRITTEN AGREEMENT, WE HAVE RESERVATIONS THAT PASTORA WILL COMPLY. HOWEVER, SINCE SINGLAUB IS ENVOY OF SENATOR HELMS AND WILL REPORT TO HELMS HIS OBSERVATIONS (AND ALSO OUR RESERVATIONS) UPON RETURN TO WASHINGTON, HELMS MAY RE-EVALUATE HIS POSITION REGARDING PASTORA. SINGLAUB, AND HIS COLLEAGUE BARBARA F. STUDLEY, ASSURED AMBASSADOR THAT PASTORA AGREED THAT ALL SUPPLIES/EQUIPMENT/TRAINING WILL BE DELIVERED/PROVIDED VIA UNO. NOTHING WILL BE DELIVERED UNTIL PASTORA'S MEN ARE MOVED INSIDE NICARAGUA.

6. SINGLAUB PARTY LEFT 27 MARCH FOR [redacted] AND WILL DEPART [redacted] 28 MARCH FOR [redacted] WHERE HE PLANS TO REMAIN UNTIL 3 APRIL. DECL OADR
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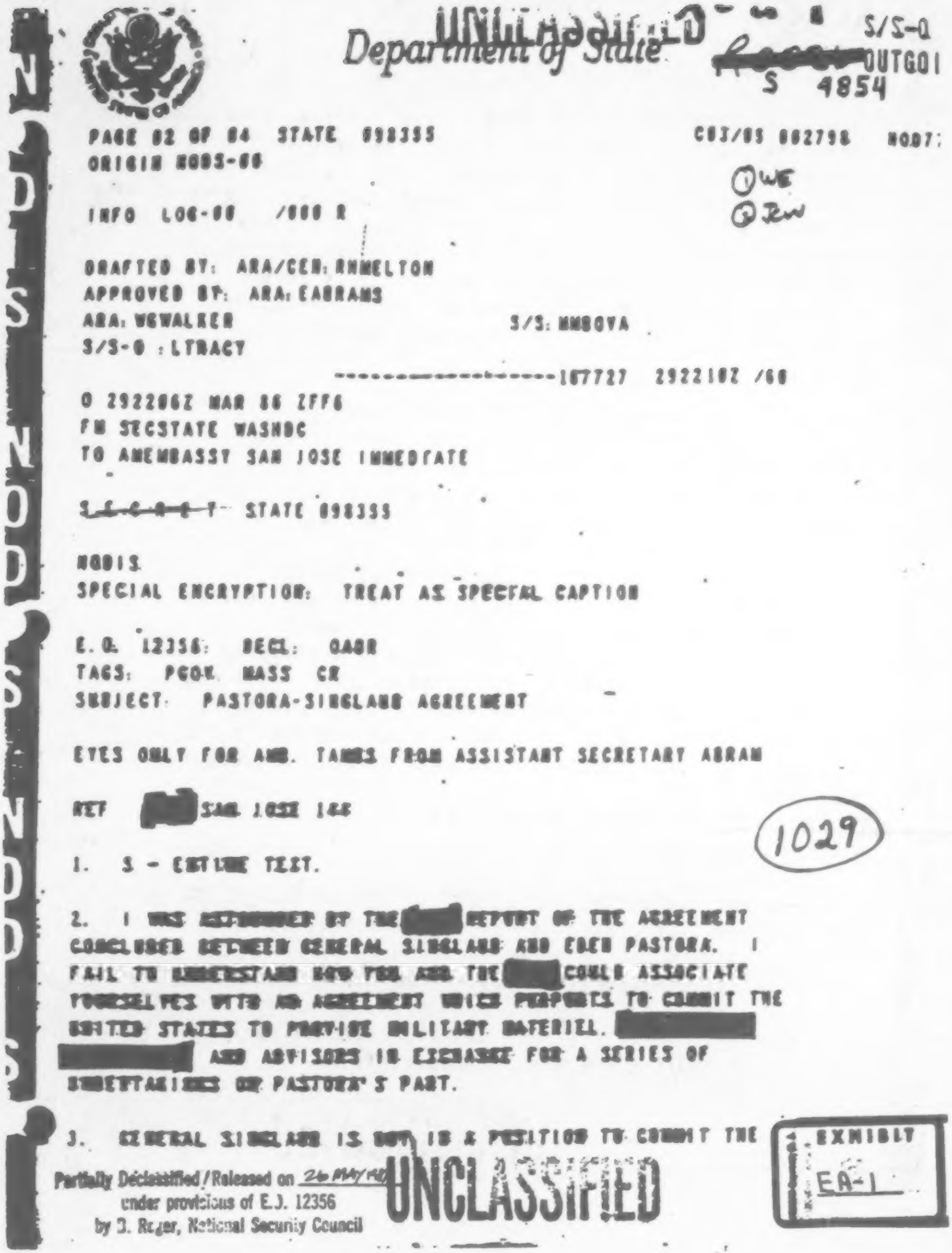

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1. S - ENTIRE TEXT.

2. I WAS ASTOUNDED BY THE [redacted] REPORT OF THE AGREEMENT CONCLUDED BETWEEN GENERAL SINGLAUB AND EDEN PASTORA. I FAIL TO UNDERSTAND HOW YOU AND THE [redacted] COULD ASSOCIATE YOURSELVES WITH AN AGREEMENT WHICH PURPORTS TO COMMIT THE UNITED STATES TO PROVIDE MILITARY MATERIEL. [redacted] AND ADVISORS IN EXCHANGE FOR A SERIES OF UNDERTAKINGS ON PASTORA'S PART.

3. GENERAL SINGLAUB IS NOT IN A POSITION TO COMMIT THE

Partially Declassified/Released on 26 MAY 88
under provisions of E.O. 12356
by D. Reger, National Security Council

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U.S. GOVERNMENT TO PROVIDE SUPPORT FOR PASTORA. SUCH A DECISION. WERE IT TO BE MADE. WOULD COME FROM DULY AUTHORIZED OFFICIALS IN WASHINGTON. YOUR ASSOCIATION WITH THIS INITIATIVE GIVES THIS DOCUMENT AN UNWARRANTED STAMP OF OFFICIAL APPROVAL. YOUR ACTIONS ARE LIKELY TO COMPLICATE CONTINUING EFFORTS TO BUILD RELATIONSHIPS OF CONFIDENCE AMONG OPPOSITION GROUPS AND TO INTRODUCE CONFUSION DURING THE FINAL STAGE OF THE CONGRESSIONAL DEBATE ON ASSISTANCE TO THE NICARAGUAN DEMOCRATIC RESISTANCE.

4. GIVEN THE SENSITIVITIES ASSOCIATED WITH EFFORTS TO ACHIEVE A UNITY OF PURPOSE AMONG THE SEVERAL RESISTANCE GROUPS AND GENERAL SINGLAUB'S LACK OF STATUS AS AN AUTHORIZED REPRESENTATIVE OF THE EXECUTIVE BRANCH. YOU SHOULD HAVE CHECKED WITH ME BEFORE PROCEEDING.

5. THE ACTING SECRETARY CALLED ME TO HIS OFFICE ON SATURDAY MORNING. MARCH 29. TO EXPRESS HIS DEEP CONCERN WITH YOUR INVOLVEMENT IN THIS EPISODE. FRANKLY. I WAS AT A LOSS TO EXPLAIN YOUR ACTIONS. THE ACTING SECRETARY CORRECTLY POINTED OUT THAT. AT THE VERY LEAST. THEY POSED SERIOUS QUESTIONS OF PROPRIETY. THEY MIGHT ALSO RAISE LEGAL QUESTIONS. TO BE IN A POSITION TO RESPOND TO THESE QUESTIONS WE NEED IMMEDIATE ANSWERS TO THE FOLLOWING

-- HOW WAS THE MEETING BETWEEN GENERAL SINGLAUB AND EDEN PASTORA ARRANGED?

-- WHAT WAS THE NATURE AND EXTENT OF THE EMBASSY'S AND YOUR PERSONAL INVOLVEMENT IN THESE ARRANGEMENTS?

-- WHAT U.S. GOVERNMENT FACILITIES OR SERVICES. IF ANY. WERE MADE AVAILABLE TO EITHER GENERAL SINGLAUB OR EDEN PASTORA OR THEIR RESPECTIVE REPRESENTATIVES. IN THE

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EXECUTION OF THIS AGREEMENT?

-- WERE ANY OTHER U.S. GOVERNMENT EMPLOYEES INVOLVED IN MAKING ARRANGEMENTS, OR OTHERWISE ASSOCIATED, WITH THIS INITIATIVE? IF SO, PLEASE PROVIDE THE NAMES OF THOSE INDIVIDUALS, SPECIFICS OF THEIR INVOLVEMENT, AND THE NAME OF THE INDIVIDUAL OR INDIVIDUALS AUTHORIZING THESE ACTIONS.

-- TO A REASONABLE OBSERVER, WHAT IMPRESSIONS WOULD HAVE BEEN CONVEYED BY YOUR AND THE EMBASSY'S ASSOCIATION WITH THIS INITIATIVE? WHITEHEAD

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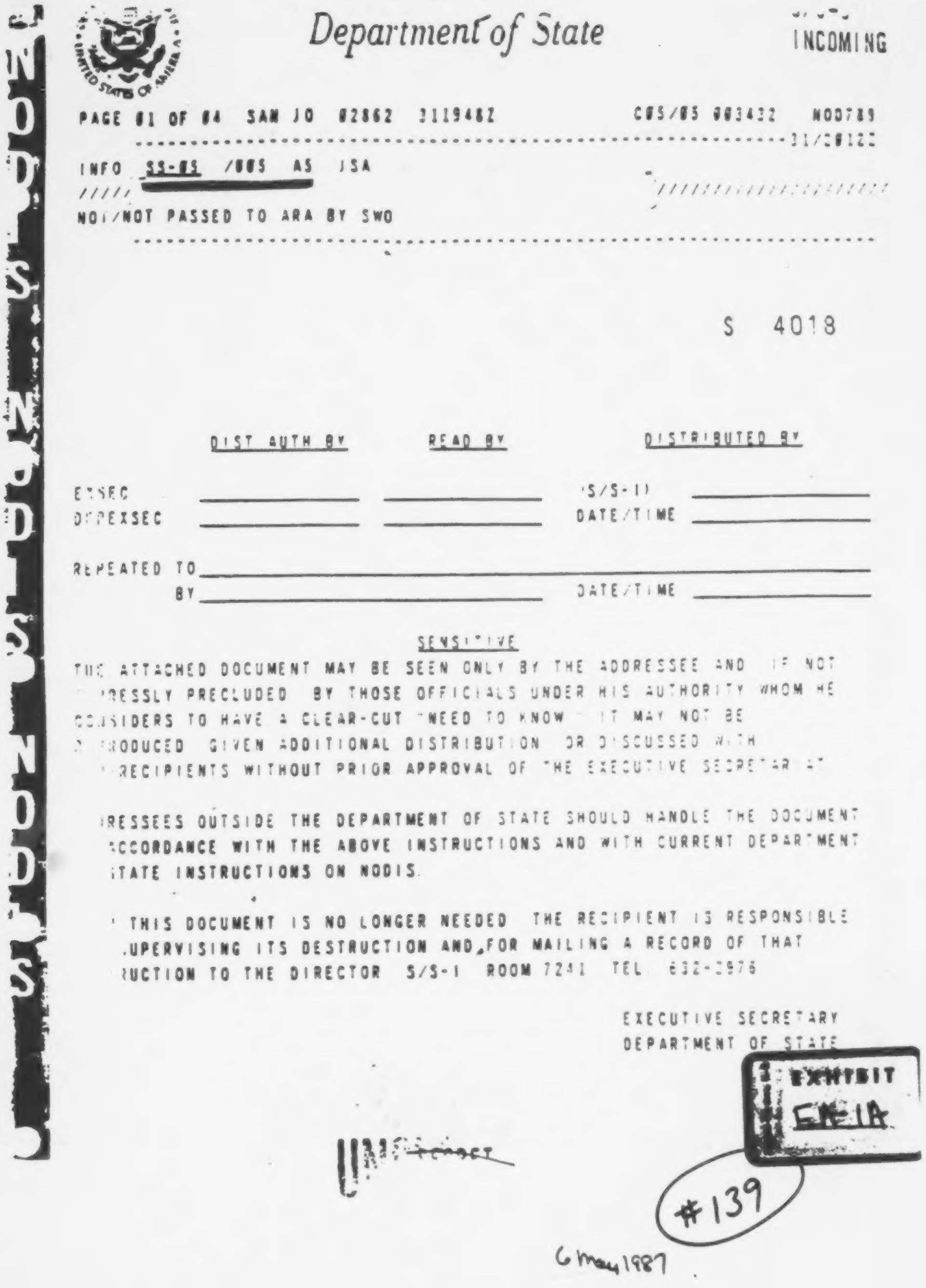

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EYES ONLY FOR ASSISTANT SECRETARY ABRAMS FROM
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TAGS: PGOV MASS CR
SUBJECT: PASTORA-SINGLAUB AGREEMENT

REF: STATE 98355

1. ~~S~~ - ENTIRE TEXT.

2. [redacted] NOR MYSELF WERE ASSOCIATED WITH ANY AGREEMENT BETWEEN GENERAL SINGLAUB AND EDEN PASTORA. WE MERELY TRANSMITTED A COPY OF THE PRIVATE ACCORD BETWEEN SINGLAUB AND BARBARA F. STUDLEY, AS INDIVIDUALS, FOR YOUR INFORMATION WHICH SINGLAUB TOOK UPON HIMSELF TO OBTAIN FROM EDEN PASTORA. ALL [redacted] I DID ON WEDNESDAY MORNING 26 MAR 86 WAS TO LISTEN TO HIS REPORT, COUNTER SOME OF SINGLAUB'S GROSS MISCONCEPTIONS ABOUT PASTORA'S CAPABILITIES AND ENCOURAGE UNITY AMONG ALL FACTIONS OF NICARAGUAN RESISTANCE. SINGLAUB WAS SPECIFICALLY URGED TO ENCOURAGE PASTORA TO INCORPORATE HIS

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REMAINING FORCE WITH UNO. CONVERSELY [redacted] SINGLAUB. SINCE HE ALREADY HAD AN APPOINTMENT WITH PASTORA, SAID HE WOULD SEEK TO OBTAIN ON HIS OWN INDIVIDUAL INITIATIVE A PRIVATE AGREEMENT FROM PASTORA WHEREBY PASTORA WOULD AGREE TO MEET UNO REPEAT UNO CONDITIONS FOR RECEIPT OF SUPPLIES. [redacted] NOR I COMMENTED ON HIS INTENDED EFFORT. WEDNESDAY EVENING 26 MAR 86 SINGLAUB WAS CAREFUL TO POINT OUT THAT "UNITED STATES" AS CITED IN OPENING PARAGRAPH OF LETTER SPECIFICALLY DID NOT MEAN UNITED STATES GOVERNMENT - BUT MEANT HIM AND HIS SUPPORTERS. MOREOVER, HE TOLD ME HE AGAIN URGED) PASTORA AND EDEN AGREED TO WORK THRU UNO.

S 4020

3. MEETING BETWEEN GENERAL SINGLAUB AND EDEN PASTORA WAS APPARENTLY ARRANGED IN U.S. [redacted] MISSION HAD NO PREVIOUS KNOWLEDGE OF HIS TRIP BUT ONLY FOUND OUT BY CHANCE MONDAY 24 MARCH BY CHATTING WITH ANOTHER PASSENGER ON THE FLIGHT WHO ADVISED US OF SINGLAUB'S PRESENCE IN COSTA RICA.

4. NEITHER MISSION NOR I HAD ANY INVOLVEMENT WHATSOEVER IN THESE ARRANGEMENTS. NO U.S. GOVERNMENT FACILITIES OR SERVICES WERE PROVIDED. ALL DISCUSSIONS WERE EXCLUSIVELY BETWEEN GENERAL SINGLAUB AND EDEN PASTORA WITHOUT ANY REPRESENTATION FROM THIS EMBASSY. THERE WERE NO OTHER U.S. GOVERNMENT EMPLOYEES INVOLVED IN THESE ARRANGEMENTS. NEITHER WERE THEY

ASSOCIATED WITH THIS INITIATIVE. SINGLAUB ORDERED AT LEAST THREE TIMES BY US NOT TO

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MENTION MISSION IN ANY CONVERSATIONS WITH PASTORA AND THAT WE WERE NOT REPEAT NOT PARTY TO ANY ARRANGEMENT.

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5. TO ANY REASONABLE OBSERVER IT WOULD APPEAR THAT SINCE GENERAL SINGLAUB ACTING AS A PRIVATE INDIVIDUAL REQUESTED AN INTERVIEW WITH ME AND SINCE WE WISHED TO FIND OUT WHAT WAS GOING ON. THIS WAS ENTIRELY NORMAL GIVEN HIS INVOLVEMENT WITH A NUMBER OF NICARAGUAN RESISTANCE INSTRUMENTALITIES.

6. ONCE AGAIN I REPEAT THAT ALL ARRANGEMENTS WERE BETWEEN SINGLAUB AND PASTORA AS PRIVATE INDIVIDUALS AND THAT THE TEXT OF THE SINGLAUB-PASTORA OFFER WAS PASSED TO WASHINGTON FOR INFORMATION ONLY AND WAS NOT INTENDED TO IMPLY ANY USG INVOLVEMENT OR APPROVAL. TAMBS

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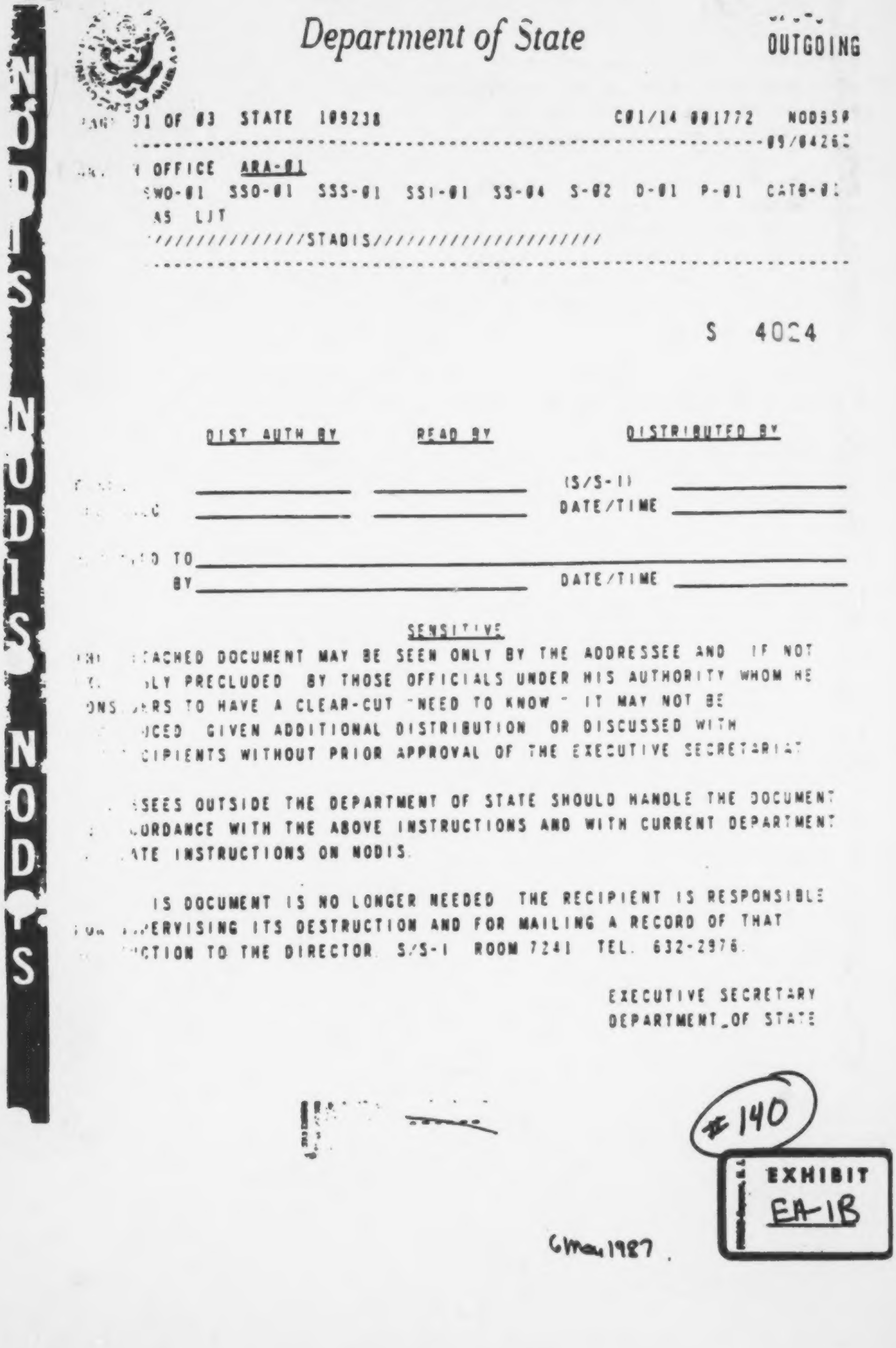

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ASSADOR TAMBS FROM THE SECRETARY

356 DECL OADR
PGOV MASS CR
T PASTORA-SINGLAUB AGREEMENT

A) STATE 98355 B) [redacted]

~~SECRET~~ ENTIRE TEXT

1. AT MY REQUEST THE LEGAL ADVISOR HAS REVIEWED THE LEGAL ISSUES RAISED BY THE "AGREEMENT" NEGOTIATED BY GENERAL SINGLAUB WITH EDEN PASTORA. BASED ON HIS REVIEW THE LEGAL ADVISOR CONCLUDES THAT IT IS IMPOSSIBLE TO RULE OUT THE POSSIBILITY THAT YOUR DISCLAIMERS OF USG INVOLVEMENT NOTWITHSTANDING PASTORA MIGHT ATTEMPT TO USE THE SINGLAUB AGREEMENT TO PRESSURE OR EMBARRASS THE USG. YOU ARE THEREFORE INSTRUCTED TO INFORM PASTORA THAT SINGLAUB IS NOT AUTHORIZED TO NEGOTIATE ON BEHALF OF THE UNITED

6 May 1987

NODIS NODIS NODIS

Department of State

OUTGOING

PAGE 03 OF 03 STATE 109238 C01/14 001772 NOD950

STATES THAT THE USG DOES NOT CONSIDER ITSELF BOUND BY SINGLAUB'S AGREEMENT AND THAT USG POLICY REMAINS AS STATED TO PASTORA ON MARCH 7 BY ME AND ASSISTANT SECRETARY ABRAMS WORKING THROUGH THE PROPER CHANNELS WE WANT TO REACH AGREEMENT WITH ALL ELEMENTS OF THE DEMOCRATIC RESISTANCE INCLUDING PASTORA WHO ARE PLEDGED TO DEMOCRACTIC PRINCIPLES WHO ARE FREE OF CRIMINALITY AND ADHERE TO INTERNATIONAL HUMAN RIGHTS STANDARDS AND WHO ARE WILLING TO COOPERATE WITH OTHER LIKE-MINDED GROUPS AND INDIVIDUALS TO ACHIEVE A DEMOCRATIC OUTCOME IN NICARAGUA. POINT OUT THAT WE NEED TO GET THE FUNDS BEFORE CONCLUDING AGREEMENTS AS TO THEIR DISTRIBUTION.

5. PLEASE REPORT WHEN THIS HAS BEEN DONE TOGETHER WITH PASTORA'S RESPONSE. SHULTZ

S 4026

EXHIBIT EA-1C

SECRET

Department of State

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PAGE 01 OF 02  SAN JO  03402  102025Z            C01/14 003632   NOD020
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889

S 4022

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BY

DATE/TIME

SENSITIVE

THE ATTACHED DOCUMENT MAY BE SEEN ONLY BY THE ADDRESSEE AND IF NOT EXPRESSLY PRECLUDED, BY THOSE OFFICIALS UNDER HIS AUTHORITY WHOM HE CONSIDERS TO HAVE A CLEAR-CUT "NEED TO KNOW." IT MAY NOT BE REPRODUCED, GIVEN ADDITIONAL DISTRIBUTION OR DISCUSSED WITH NON RECIPIENTS WITHOUT PRIOR APPROVAL OF THE EXECUTIVE SECRETARIAT

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WHEN THIS DOCUMENT IS NO LONGER NEEDED, THE RECIPIENT IS RESPONSIBLE FOR SUPERVISING ITS DESTRUCTION AND FOR MAILING A RECORD OF THAT DESTRUCTION TO THE DIRECTOR, S/S-I ROOM 7241 TEL. 632-2976

EXECUTIVE SECRETARY
DEPARTMENT OF STATE

EXHIBIT
EA-1C

UNCLASSIFIED

Partially Declassified/Released on 15 MAY 87
under provisions of E.O. 123[illegible]
by [illegible], National Security [illegible]

SECRET

Department of State

S/S-0
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PAGE 02 OF 02 SAN JO 03402 102025Z C01/14 003632 NOD020
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S 4023

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FOR ASSISTANT SECRETARY ABRAMS FROM AMBASSADOR

E.O. 12356: DECL: OADR
TAGS: PGOV, MASS, CR
SUBJECT: PASTORA - SINGLAUB AGREEMENT

REF: STATE 109238

1. SECRET - ENTIRE TEXT.

2. [redacted] HAS REPORTED THAT PASTORA DEPARTED [redacted] ENROUTE TO WASHINGTON WHERE IT IS EXPECTED HE WILL AGAIN BECOME INVOLVED IN EFFORT TO OBTAIN ASSISTANCE FOR ARMED NICARAGUAN DEMOCRATIC RESISTANCE.

TAMBS

NODIS NODIS NODIS

UNCLASSIFIED

EXHIBIT EA-2

United States Department of State

Washington, D.C. 20520

May 8, 1986

RM- Seems to me so [illegible] to Pastora that it will [illegible] him on board without screwing [redacted] up.

S 4035

~~SECRET~~/SENSITIVE

MEMORANDUM

TO: ARA - Elliott Abrams

CC ~~THRU~~: ARA - William G. Walker

FROM: ARA/CEN - Richard H. Melton

SUBJECT: Singlaub Asks for Help

I met with General Singlaub on May 8, at his request. He had a three-part agenda:

-- [redacted]

-- Aid for Pastora: Following the conclusion of his "understanding" with Pastora in [redacted] and his subsequent conversations with you, Singlaub had worked out with Calero and [redacted] to supply Pastora's forces inside Nicaragua with a token amount of military equipment (100 uniforms, 100 pairs of boots, and some 15,000 rounds of ammunition) from UNO stocks [redacted]. Singlaub met in Miami on May 7 with Calero. [redacted] Singlaub tried to raise this with Bill Casey, who ducked and told Singlaub to take it up with you. Singlaub wants you to try to turn this around.

I said I would raise the matter with you on your return. Since Singlaub will be difficult to contact after May 10, we agreed that I would call Calero with your answer.

[redacted] I vote for saying yes to Calero, following consultations with [redacted].

~~SECRET~~/SENSITIVE
DECL: OADR

#149

~~SECRET~~/SENSITIVE

- 2 -

-- [redacted] Singlaub is departing [redacted] [redacted] Among other things he will be doing, he plans to seek funds ($10 million) from these governments to sustain the Nicaraguan resistance until our legislation is passed. Through intermediaries, Singlaub is seeking appointments with [redacted] of both states. He will be looking for us to give the nod [redacted] [redacted] at the appropriate moment. For now, he would like us to inform the [redacted] [redacted] Singlaub will be there [redacted] "on a mission which is in keeping with the policy of the Administration" or some such.

(COMMENT: The simplest way to handle this would be over the secure phone. NSC approval will be needed, [redacted] will have to be informed. Likely to be more complicated than it should be. Singlaub will call me at home on Saturday, May 10, for a status report.)

S 4036

~~SECRET~~/SENSITIVE

EXHIBIT EA-3

. United States Department of State

Washington, D.C. 20520

Thanks
Bill

~~SECRET/SENSITIVE~~

CEN

May 10, 1986

TO: ARA - William G. Walker

S 4034

FROM: ARA/CEN - Richard H. Melton pm

SUBJECT: While You Were Away

Meeting with General Singlaub: I met with General Singlaub on May 8, at his request. He had a three-part agenda:

-- [redacted]

-- Aid for Pastora: A deal which Singlaub had cut with Pastora and Calero is off the tracks. Following the conclusion of his understanding with Pastora in [redacted] and conversations with Elliott, Singlaub had worked out with Calero [redacted] to supply Pastora's forces inside Nicaragua with a token amount of military equipment (100 uniforms, 100 pairs of boots, and some 15,000 rounds of ammunition) from UNO stocks [redacted] Singlaub met in Miami on May 7 with Calero, who said his "counselors" had advised against giving anything to Pastora. Singlaub wants us to try to turn this around.

-- [redacted] Singlaub is departing [redacted] He plans to seek cash to sustain the Nicaraguan resistance until our legislation is passed. He will be looking for us to give the nod [redacted] at the appropriate moment.

EXHIBIT
EA-3

(OTHER ITEMS INCLUDED IN THIS MEMO NOT RELEVANT TO REQUEST)

~~SECRET/SENSITIVE~~
~~DECL: OADR~~

#148

EXHIBIT EA-4

United States Department of State

Washington, D.C. 20520

~~SECRET~~/SENSITIVE

May 12, 1986

TO: ARA - Elliott Abrams

THROUGH: ARA - William G. Walker

FROM: ARA/CEN - Richard H. Melton

S 4033

SUBJECT: Followup on General Singlaub's Proposals

General Singlaub called this morning [redacted] to ask if decisions had been reached on the two item he had raised with me on May 8. I told him that I had spoken with you on May 10 about both subjects (providing aid to Pastora from UNO stocks, and vouching for Singlaub to the [redacted] Although you wanted to be helpful on both issues, I said, the appropriate White House officials had been unavailable. Singlaub said he would call back at 11:00 A.M tomorrow to see where things stood.

Decisions Needed

(1) Whether to notify Adolfo Calero of your approval to transfer to Pastora limited amounts of equipment from UNO stocks (100 uniforms, 100 pairs of boots, and some 15,000 rounds of ammunition)

(2) Whether to inform authorities [redacted] that the USG approves of General Singlaub's efforts to raise funds for the Nicaraguan armed resistance.

Both decisions will require consultations with the Agency; perhaps this might be done on the margins of the RIG scheduled for May 12. Any messages to officials in [redacted] will have to be coordinated [redacted]

~~SECRET~~/SENSITIVE
DECL: OADR

EXHIBIT
EA-4

6May1987

EXHIBIT EA-5

United States Department of State

Washington, D.C. 20520

~~SECRET~~/SENSITIVE

May 14, 1986

TO: ARA - Elliott Abrams

THROUGH: ARA - William G. Walker

FROM: ARA/CEN - Richard H. Melton

S 4032

SUBJECT: General Singlaub Has the Word

I passed the decisions on aid to Pastora and solicitations on behalf of the Nicaraguan resistance to General Singlaub this afternoon.

Aid to Pastora: I told Singlaub that Pastora had apparently thrown in the towel. We were trying to get him to come to Washington to discuss his situation, but so far nothing had been arranged. In the circumstances, there was really noone to give aid to. Singlaub disagreed. It was more important than ever to get a token shipment to Pastora. If action were taken now, Singlaub continued, Pastora could probably be convinced to reconsider his decision to quit the fight. Singlaub said he had confirmed as recently as yesterday that the equipment was available for immediate delivery to Pastora. All that was necessary, he asserted, was to get the word to Calero.

Aid Solicitations: I told Singlaub that I had been instructed to pass the following message to him:

> The earlier decision to pass the message he had requested had been reconsidered. The judgment here was that the timing was not right. To move now might complicate other priority matters of importance of which he was aware.

Singlaub took the message well. He was disappointed, but seemed to understand. We agreed that he would be in touch on his return to the United States.

~~SECRET~~/SENSITIVE
DECL: OADR

6 May 1987

EXHIBIT
EA-5

EXHIBIT EA-6

United States Department of State

Washington, D.C. 20520

~~SECRET~~/SENSITIVE

May 15, 1986

S 4C31

TO: ARA - Elliott Abrams

THROUGH: ARA - William G. Walker

FROM: ARA/CEN - Richard H. Melton

SUBJECT: More from General Singlaub

General Singlaub called again this morning [redacted] He asked if there was any additional information I could pass along on the two subjects in which he was interested. I told him that we were engaged in a damage-limiting operation with Pastora with the outcome uncertain. We were issuing a brief conciliatory statement noting that we hoped Pastora would not abandon the the fight against the Sandinistas. I noted that you had spoken with Pastora and that we were trying to arrange for a meeting with him in Washington. Singlaub injected that it was probably already too late to get Pastora back into the fight. "It would be too embarassing for him to change course now," Singlaub concluded.

Singlaub said that he was a bit puzzled by my comment the previous day that the timing was bad for his planned fund-raising initiative on behalf of the Nicaraguan democratic resistance. I responded that important events and decisions were in the offing and that approaches by him at this time might complicate our efforts. I said that I was unable to be more specific over the phone but suggested that he talk to you on his return to the United States.

#144

~~SECRET~~/SENSITIVE
DECL: OADR

EXHIBIT
EA-6

[illegible]

EXHIBIT EA-7

Washington, D.C. 20520

MEMORANDUM
~~SECRET~~/SENSITIVE

May 22, 1986

S 4029

TO: ARA - Elliott Abrams

THROUGH: ARA - William G. Walker

FROM: ARA/CEN - Richard H. Melton

SUBJECT: Your Meeting with General Singlaub; 3:45 p.m., May 23

General Singlaub will focus on the two issues he has already raised with you: aid to Eden Pastora and fund-raising for the Nicaraguan democratic resistance. He will also seek reassurances on Contadora.

Aid to Pastora: Singlaub is disappointed by our failure to provide the 100 uniforms and related items to Pastora's forces. He understands that you were inclined to help Pastora and puzzled by our apparent inability to get the job done. He concludes that the Agency had the last word on this and wonders who is really in charge of our policy toward Niaragua.

Points to Make

-- I would have liked to have provided the material to Pastora, but we were unable to arrange things within the USG before the split of Pastora's commanders.

-- Pastora still has a role to play in the resistance struggle; there is only one Eden Pastora. I am encouraged by the BOS decision to offer him a position on their directorate.

-- Our offer to provide assistance to Pastora from the $100 million still stands.

Fund-raising for the Resistance: Singlaub is a good soldier and, at our request, stood down on his planned approches to the [redacted] He would like to hear from you why his initiative was untimely.

[redacted]

~~SECRET~~/SENSITIVE
DECL: OADR

EXHIBIT
EA-7

6 May 1987

143

Points to Make

-- I appreciate your willingness to cancel your planned approaches on such sketchy information.

-- Important national security considerations were involved. (Explain.)

S 4030

-- Private fund-raising is a key element of our strategy. (Explain.)

[redacted]

Points to Make

-- We are pursuing a sophisticated strategy designed to ensure passage of the President's proposal for aid to the Nicaraguan resistance.

-- [redacted]

-- We are committed to the Nicaraguan resistance. Our support will not slacken whatever the results in Contadora.

EXHIBIT EA-8

United States Department of State

Washington, D.C. 20520

May 28, 1986

S 4028

~~SECRET~~/SENSITIVE
MEMORANDUM

TO: ARA - Elliott Abrams

THROUGH: ARA - William G. Walker

FROM: ARA/CEN - Richard H. Melton

SUBJECT: Singlaub Asks for Reconsideration of Solicitation Offer

General Singlaub called this morning to ask for reconsideration of your counsel to him not to solicit funds for the Nicaraguan armed resistance at this time. Singlaub, who had just spoken with Adolfo Calero in Miami, was upbeat about the prospects for unity within UNO but decidedly pessimistic about the ability of the resistance forces to survive without fresh infusions of funds. Based on his conversations with Calero, Singlaub said he had transferred funds from an overseas to a domestic account to have them available for quick disbursal if needed. Singlaub was also discouraged about prospects for early action by the Congress on the Administration's aid request. He asked if, in these circumstances, it might not be wise to reactivate his proposal to seek funding from his sources in [redacted]

I confined my response to stating that I would raise the matter with you and get back in touch. Singlaub will be in town until Friday.

Anything I can tell Singlaub?

#142

~~SECRET~~/SENSITIVE
DECL: OADR

6 May 1987

EXHIBIT
EA-8

EXHIBIT EA-9

United States Department of State

Washington, D.C. 20520

C.1

~~SECRET~~/SENSITIVE
MEMORANDUM FOR THE RECORD

4027

May 29, 1986

SUBJECT: Singlaub Request for Reconsideration of Solicitation Offer

I conveyed to General Singlaub the following message from Elliott Abrams:

-- The situation on fund raising is basically the same as previously described to him, to wit it would still be premature for him to reactivate his efforts with [redacted]

-- We applaud his efforts on behalf of the resistance and urge him on in his other endeavors.

-- We not currently in a position to provide USG endorsement for his overseas fund-raising efforts.

Richard H. Melton

~~SECRET~~/SENSITIVE
~~DECL:~~ OADR

EXHIBIT
EA9

6 May 1987

#141

EXHIBIT EA-10

S 4549

(SC 3)

UNCLASSIFIED

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Acct #: [368 430-22-1]
Credit Suisse Bank
Eaux Vives Branch
Geneva, Switzerland
Attn. Mr. Jacob Steger
TELEX 22805
Answerback: CSGI CH

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EXHIBIT EA-11

Department of State

S 4167

PAGE 02 OF 03 STATE 225125 **UNCLASSIFIED** SS/03 232679

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APPROVED BY: [redacted]
S/S: NPLATT S/S-O [redacted]
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FOR S/S ONLY

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FM SECSTATE WASHDC
TO AMEMBASSY [redacted] IMMEDIATE

S E C R E T STATE 225125

NODIS
FOR AMB[redacted]ONLY FROM ASSISTANT SECRETARY [redacted]

E.O. 12356: DECL: OADR
TAGS: [redacted]
SUBJECT: [redacted]PROJECT

1. SECRET - ENTIRE TEXT.

[redacted]ARY WISHES TO PURSUE WITH THE [redacted] GOVERNMENT THE PROJECT WHICH WE DISCUSSED RECENTLY. AS WE DISCUSSED IN [redacted] OR [redacted] APPEAR TO BE THE ONLY APPROPRIATE INTERLOCUTORS

3. IF YOU BELIEVE THERE IS A REASONABLE CHANCE OF SUCCESS, THE SECRETARY WOULD SEND EITHER A SENIOR STATE OR NSC OFFICIAL FAMILIAR WITH THE SITUATION TO HOLD DISCUSSIONS. OUR PREFERENCE WOULD BE TO HAVE SUCH TALKS IN A THIRD COUNTRY - E.G. [redacted] OR LONDON WHERE [redacted] OFTEN VISIT - GIVEN THE REDUCED VISIBILITY AND EASIER TRANSPORTATION.. WE WOULD OF COURSE

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under provisions of E.O. 12356
by B. Reger, National Security Council

EXHIBIT
EA-11

S 4168

BE PREPARED TO MEET IN [redacted] IF THAT IS THEIR PREFERENCE. [redacted]

4. UNLESS YOU CONSIDER THE ATTEMPT NOT FEASIBLE' YOU ARE INSTRUCTED TO MEET PRIVATELY WITH EITHER [redacted] OR [redacted] TO STATE:

A) THERE IS A MATTER OF GREAT IMPORTANCE TO THE FREE WORLD AS A WHOLE WHICH WE WOULD LIKE TO DISCUSS ON A MOST CONFIDENTIAL BASIS WITH [redacted]

B) IF [redacted] IS AGREEABLE' THE SECRETARY WOULD DISPATCH A SENIOR OFFICIAL TO MEET PRIVATELY WITH EITHER ONE OR BOTH OF THEM.

C) TO REDUCE THE VISIBILITY OF SUCH A MEETING WE WOULD SUGGEST THE TALKS BE IN A THIRD COUNTRY PERHAPS [redacted] OR LONDON IF THAT WERE CONVENIENT IN THE IMMEDIATE FUTURE. IF THIS IS NOT CONVENIENT WE WOULD OF COURSE BE HAPPY TO MEET IN [redacted] TAKING APPROPRIATE PRECAUTIONS TO ASSURE CONFIDENTIALITY.

5. RESPONSE SHOULD BE SENT IN THIS CHANNEL SLUGGED [redacted] [redacted] SHULTZ

UNCLASSIFIED

EXHIBIT EA-12

S 4169

PAGE 02 OF 03 [redacted] 03954 220416Z C05/13 204503 NOD
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FM AMEMBASSY [redacted]
TO SECSTATE WASHDC IMMEDIATE 1776

S E C R E T [redacted] 03954

NODIS

[redacted]

E.O. 12356: DECL OADR
TAGS [redacted]
SUBJECT: [redacted] PROJECT

REF STATE 225125

1. SECRET - ENTIRE TEXT

2. THE FOLLOWING IS IN REPLY TO ASSISTANT SECRETARY [redacted] MESSAGE CONTAINED REFTEL

3. I HAVE GIVEN CAREFUL [redacted] ND HERE I DO BELIEVE THERE CAN BE A REASONABLE CHANCE OF SUCCESS THE OPINION I EXPRESSED TO YOU IN [redacted] REMAINS UNCHANGED: CONSIDERABLE GROUND WORK IS GOING TO BE REQUIRED TO ASSURE THAT REASONABLE CHANCE. I REALIZE THERE MAY BE SOME URGENCY BUT I STILL MUST CONCLUDE THAT WITHOUT CAREFUL PREPARATION WE MAY JEOPARDIZE THIS OR SIMILAR OPPORTUNITIES. MY BEST JUDGMENT IS THAT THE WAY TO PROCEED IS BY BUILDING UP A SENSE OF MUTUAL INTEREST AND PARTNERSHIP AND I DO NOT THINK THAT THIS CAN BE DONE IN A MONTH OR TWO. BUT TO REPEAT I DO BELIEVE THERE IS A REASONABLE

EXHIBIT
EA-12

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under provisions of E.O. 12356
by D. Reger, National Security Council

UNCLASSIFIED

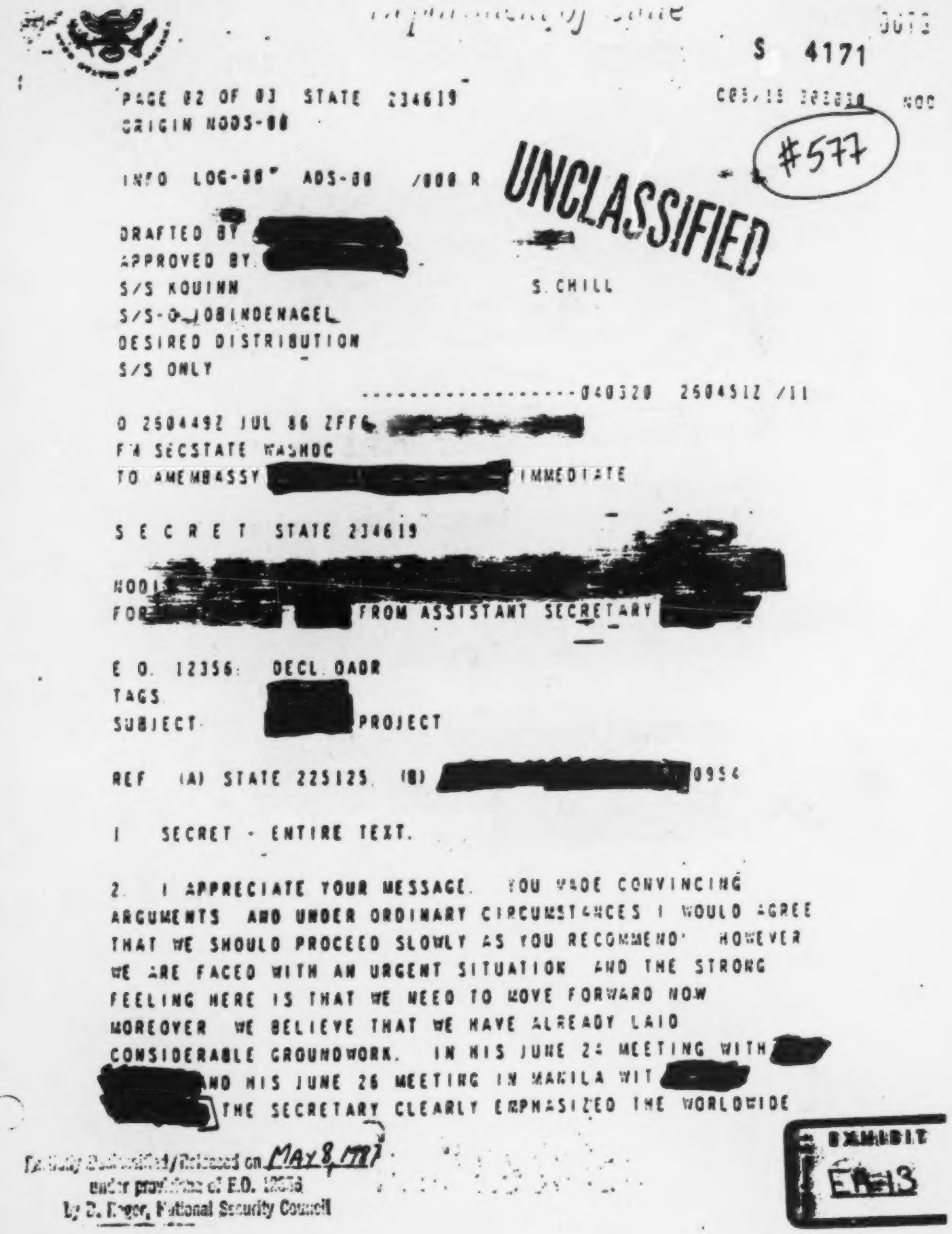
CHANCE OF SUCCESS IF WE ARE ABLE TO TAKE THIS ONE STEP AT A TIME."

4. [redacted]

5. [redacted] AND I WANT TO ASSURE YOU THAT I HAVE GIVEN VERY CAREFUL CONSIDERATION BEFORE REACHING THE CONCLUSION THAT I HAVE. UNLESS INSTRUCTED OTHERWISE I WOULD LIKE TO PROPOSE THAT WE PROCEED WITH INITIAL STEPS TO MOVE THIS MATTER FORWARD. AND I WOULD HOPE SOON TO HAVE A BETTER FEEL FOR HOW FAST WE MAY BE ABLE TO GO. [redacted] VISIT TO THE USS [redacted] IS NOW FIRM FOR SEPTEMBER 20 AND [redacted] IS VISITING HERE SEPTEMBER 25. IN THE MEANTIME I AM LOOKING FOR AN EARLY OPPORTUNITY TO TRY AND HAVE A PRIVATE MEETING OR TWO WITH [redacted]

[redacted]

EXHIBIT EA-13



S 4171

PAGE 02 OF 03 STATE 234619

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#577

DRAFTED BY [redacted]
APPROVED BY [redacted]
S/S KQUINN S. CHILL
S/S-O JOBINDENAGEL
DESIRED DISTRIBUTION
S/S ONLY

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TO AMEMBASSY [redacted] IMMEDIATE

S E C R E T STATE 234619

NODI[redacted]
FO[redacted] FROM ASSISTANT SECRETARY [redacted]

E.O. 12356: DECL: OADR
TAGS
SUBJECT [redacted] PROJECT

REF (A) STATE 225125, (B) [redacted] 0954

1. SECRET - ENTIRE TEXT.

2. I APPRECIATE YOUR MESSAGE. YOU MADE CONVINCING ARGUMENTS AND UNDER ORDINARY CIRCUMSTANCES I WOULD AGREE THAT WE SHOULD PROCEED SLOWLY AS YOU RECOMMEND. HOWEVER WE ARE FACED WITH AN URGENT SITUATION AND THE STRONG FEELING HERE IS THAT WE NEED TO MOVE FORWARD NOW. MOREOVER WE BELIEVE THAT WE HAVE ALREADY LAID CONSIDERABLE GROUNDWORK. IN HIS JUNE 24 MEETING WITH [redacted] AND HIS JUNE 26 MEETING IN MANILA WIT [redacted] THE SECRETARY CLEARLY EMPHASIZED THE WORLDWIDE

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by D. Reger, National Security Council

EXHIBIT
EA-13

Department of State

S 4172

PAGE 03 OF 03 STATE 23461 UNCLASSIFIED 05/15 006030 NOD

THREAT OF SOVIET AGGRESSION AND THE INTERELATIONSIP OF SUCH PROBLEMS AS CAMBODIA AND NICARAGUA. THE [redacted] AND [redacted] APPEARED TO TAKE THIS ON BOARD. FURTHERMORE WE HAVE THE UPCOMING SHIP AND [redacted] VISITS.

3. I THEREFORE ASK YOU TO SEEK AN EARLY APPOINTMENT WITH [redacted] OR [redacted] TO SOLICIT AGREEMENT FOR A MEETING WITH A HIGH LEVEL USG REPRESENTATIVE, PREFERABLY IN A THIRD COUNTRY. WE HAVE YET TO DETERMINE WHO THAT OFFICIAL MIGHT BE, BUT OUR EMISSARY WILL BE PREPARED TO TRAVEL TO LONDON, [redacted] OR ANY OTHER APPROPRIATE SITE.

4. WE WOULD ALSO VERY MUC APPRECIATE YOUR THOUGHTS ON HOW OUR PROPOSAL COULD BEST BE PUT TO [redacted] [redacted] I WILL LOOK FORWARD TO RECEIVING YOUR VIEWS AS SOON AS POSSIBLE' ARMACOST —

EXHIBIT EA-14

Department of State

S 4173 INCOMI.

PAGE 02 OF 04 [redacted] 00974 281213Z C01/01 A417 N0049
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#578

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FM AMEMBASSY [redacted]
TO SECSTATE WASHDC IMMEDIATE 1791

S E C R E T [redacted] 0974

NODIS

[redacted]

E.O. 12356: DECL: OADR
TAGS: [redacted]
SUBJECT: [redacted] PROJECT

REF: A) STATE 234619, B) 72 954, C) STATE 225125

1. SECRET - ENTIRE TEXT

2. PLEASE PASS THE FOLLOWING TO ASSISTANT SECRETARY [redacted]

3. I MET JULY 28 WIDE [redacted] (NO ONE ELSE WAS PRESENT) AND CARRIED OUT INSTRUCTIONS CONTAINED REFS A AND C. [redacted] SAID MEETING WOULD BE POSSIBLE PROVIDED THAT WE COULD ASSURE HIM CATEGORICALLY THERE WOULD BE NO PUBLICITY AND NO LEAKS. I SAID THAT WAS ENTIRELY OUR DESIRE AND THAT IS WHY WE HAD PROPOSED THAT MEETING TAKE PLACE IN A THIRD COUNTRY. [redacted] THEN WANTED TO BE ASSURED THAT OURREPRESENTATIVE WOULD BE A USG. OFFICIAL AND INDICATED THAT INITIAL MEETING WOULD BE WITH [redacted] AND HE DID NOT COMMIT HIMSELF TO A MEETING WITH [redacted]

EXHIBIT
EA-14

Partially Declassified/Released on MAY 9, 1987
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by B. Reger, National Security Council

Department of State INCOM

S 4174

PAGE 03 OF 04 [redacted] 00974 261213Z UNCLA C01/01 A417 N004

[redacted] ED

/I ASSURED HIM THAT VERY PRIVATE CHANNEL WOULD BE USED AND THAT KNOWLEDGE WAS LIMITED IN [redacted] TO THE TWO OF US.

4. AFTER FURTHER DISCUSSION WE AGREED THAT BEST LOCALE FOR MEETING WOULD BE LONDON DURING PERIOD AUGUST 8-11

[redacted]

5. [redacted] AND I AGREED IT WOULD BE BEST FOR ARRANGEMENTS TO BE SET UP BEFORE [redacted] DEPARTURE FOR LONDON IN ORDER TO AVOID CONFUSION AND KEEP NUMBER OF PERSONS

UNCLASSIFIED

UNCLASSIFIED S 4175

PAGE 04 OF 04 [redacted] 00974 281213Z C01/01 A417 N004

INVOLVED TO AN ABSOLUTE MINIMUM. THEREFORE HOPE YOU CAN PROVIDE NAME OF REPRESENTATIVE AND PROPOSED TIME AND PLACE OF MEETING THIS WEEK SO THAT WE WILL HAVE TIME TO GET ANY REACTION BEFORE THEY DEPART.

[redacted]

EXHIBIT EA-15

PAGE 02 OF 02 STATE 244548 CO1/04 005527 NOD

ORIGIN NODS-00

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4182

#581

INFO LOG-00 ADS-00 /000 R

DRAFTED BY: S/S KMQUINN
APPROVED BY: S/S KMQUINN
ARA EABRAMS (SUBS) [redacted] (SUBS)
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TO AMEMBASSY [redacted] NIACT IMMEDIATE

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E.O. 12356: DECL: OADR
TAGS: [redacted]
SUBJECT [redacted] PROJECT

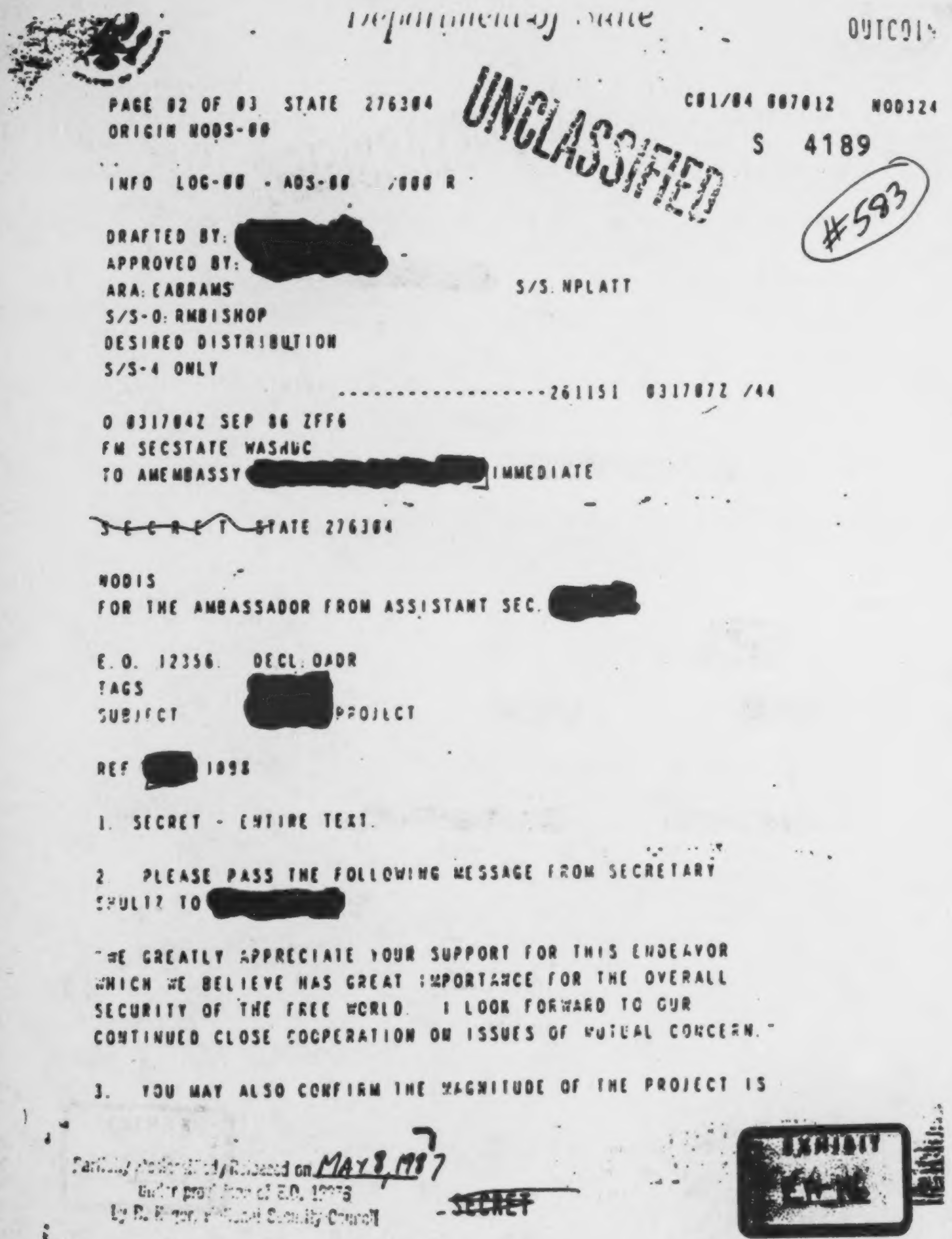
REF A [redacted] 597 REF B [redacted] 1006

IDENTITY OF SPECIAL EMISSARY IS ELLIOTT ABRAMS ASSISTANT SECRETARY OF STATE FOR LATIN AMERICAN AFFAIRS. HE WILL PHONE [redacted] AT THE [redacted] AND IDENTIFY HIMSELF AS QUOTE MR. KENILWORTH UNQUOTE. AT THAT TIME THEY CAN ARRANGE A MEETING PLACE SHULTZ

May 8, 1987
[illegible] Security Council

EXHIBIT
EA-15

EXHIBIT EA-16



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PAGE 02 OF 03 STATE 276304 C01/04 007012 NOD324

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DRAFTED BY: [redacted]
APPROVED BY:
ARA: EABRAMS S/S: NPLATT
S/S-O: RMBISHOP
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TO AMEMBASSY [redacted] IMMEDIATE

~~S E C R E T~~ STATE 276304

NODIS
FOR THE AMBASSADOR FROM ASSISTANT SEC. [redacted]

E.O. 12356: DECL: OADR
TAGS [redacted]
SUBJECT PROJECT

REF [redacted] 1898

1. SECRET - ENTIRE TEXT.

2. PLEASE PASS THE FOLLOWING MESSAGE FROM SECRETARY SHULTZ TO [redacted]

"WE GREATLY APPRECIATE YOUR SUPPORT FOR THIS ENDEAVOR WHICH WE BELIEVE HAS GREAT IMPORTANCE FOR THE OVERALL SECURITY OF THE FREE WORLD. I LOOK FORWARD TO OUR CONTINUED CLOSE COOPERATION ON ISSUES OF MUTUAL CONCERN."

3. YOU MAY ALSO CONFIRM THE MAGNITUDE OF THE PROJECT IS

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Under provisions of E.O. 12356
by B. Reger, National Security Council

~~SECRET~~

EXHIBIT
EA-16

UNCLASSIFIED

OUT

PAGE 03 OF 03 STATE 276304 C01/04 007012 N003:

S 4190

AS ORIGNALLY DISCUSSED.

4. AGAIN MANY THANKS FOR YOUR EFFORTS ON THIS PROJECT WHICH ARE MUCH APPRECIATED HERE. WHITEHEAD

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EXHIBIT EA-17

Department of State

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PAGE 02 OF 03 STATE 289965 C01/05 003613 NOD64
ORIGIN NODS-00

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#584

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DRAFTED BY: [redacted]
APPROVED BY: [redacted]
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FM SECSTATE WASHDC
TO AMEMBASSY [redacted] IMMEDIATE 2435

~~SECRET~~ STATE 289965

NODIS
FOR AMBASSADOR FROM [redacted]

E.O. 12356: DECL: OADR
TAGS: [redacted]
SUBJECT: [redacted] PROJECT

REF [redacted] 1158

1. SECRET - ENTIRE TEXT.

2. THOSE ON THE RECEIVING END HERE CANNOT CONFIRM CONSUMMATION OF ARRANGMENTS. BUT THEY TELL US THAT THIS IS NOT UNUSUAL IN VIEW OF THE PROCESS INVOLVED. IF YOU ARE ASKED ON THIS POINT, WE SUGGEST THAT YOU SIMPLY SAY THAT THE MATERIAL IS APPARENTLY STILL IN THE PIPE-LINE, WICH IS NOT UNUSUAL IN CASES OF THIS SORT, AND GO ON TO EXPRESS OUR DEEP APPRECIATION FOR THE [redacted] UNDERSTANDING OF OUR NEEDS AND HIS VALUABLE ASSISTANCE.
SHULTZ

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under provisions of E.O. 12356
by B. Reger, National Security Council

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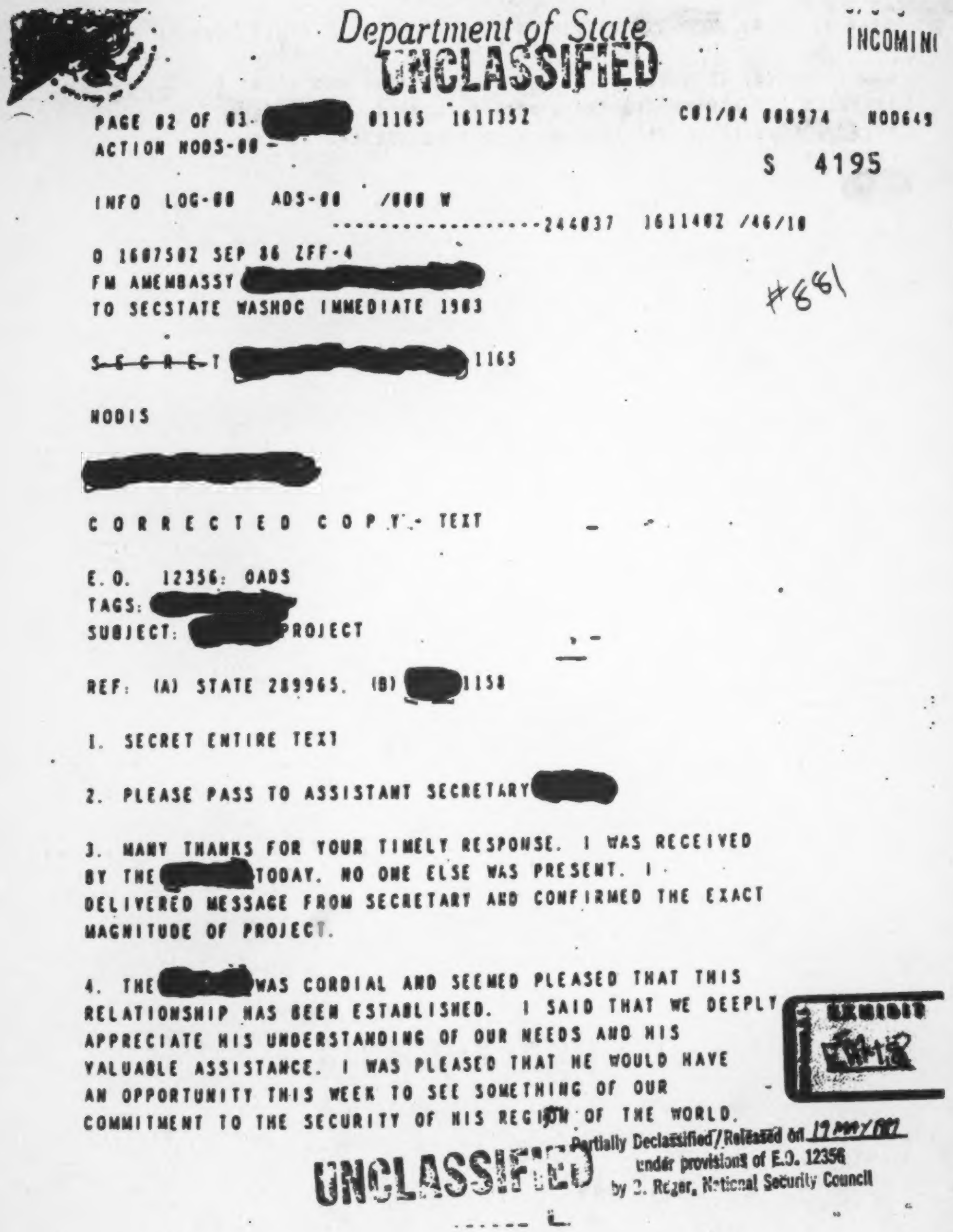
EXHIBIT
EA-17

Exhibit EA-18



Department of State

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PAGE 02 OF 03 [redacted] 01165 161135Z C01/04 008974 NOD649

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FM AMEMBASSY [redacted]

TO SECSTATE WASHDC IMMEDIATE 1983

#881

~~S E C R E~~ T [redacted] 1165

NODIS

[redacted]

CORRECTED COPY - TEXT

E.O. 12356: OADS

TAGS: [redacted]

SUBJECT: [redacted] PROJECT

REF: (A) STATE 289965. (B) [redacted] 1158

1. SECRET ENTIRE TEXT

2. PLEASE PASS TO ASSISTANT SECRETARY [redacted]

3. MANY THANKS FOR YOUR TIMELY RESPONSE. I WAS RECEIVED BY THE [redacted] TODAY. NO ONE ELSE WAS PRESENT. I DELIVERED MESSAGE FROM SECRETARY AND CONFIRMED THE EXACT MAGNITUDE OF PROJECT.

4. THE [redacted] WAS CORDIAL AND SEEMED PLEASED THAT THIS RELATIONSHIP HAS BEEN ESTABLISHED. I SAID THAT WE DEEPLY APPRECIATE HIS UNDERSTANDING OF OUR NEEDS AND HIS VALUABLE ASSISTANCE. I WAS PLEASED THAT HE WOULD HAVE AN OPPORTUNITY THIS WEEK TO SEE SOMETHING OF OUR COMMITMENT TO THE SECURITY OF HIS REGION OF THE WORLD.

EXHIBIT EA-18

Partially Declassified/Released on 19 MAY 87
under provisions of E.O. 12356
by B. Reger, National Security Council

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[redacted]

Department of State

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INCOMI

PAGE 03 OF 03 [redacted] 01165 161135Z   C01/04 008974 NOD64

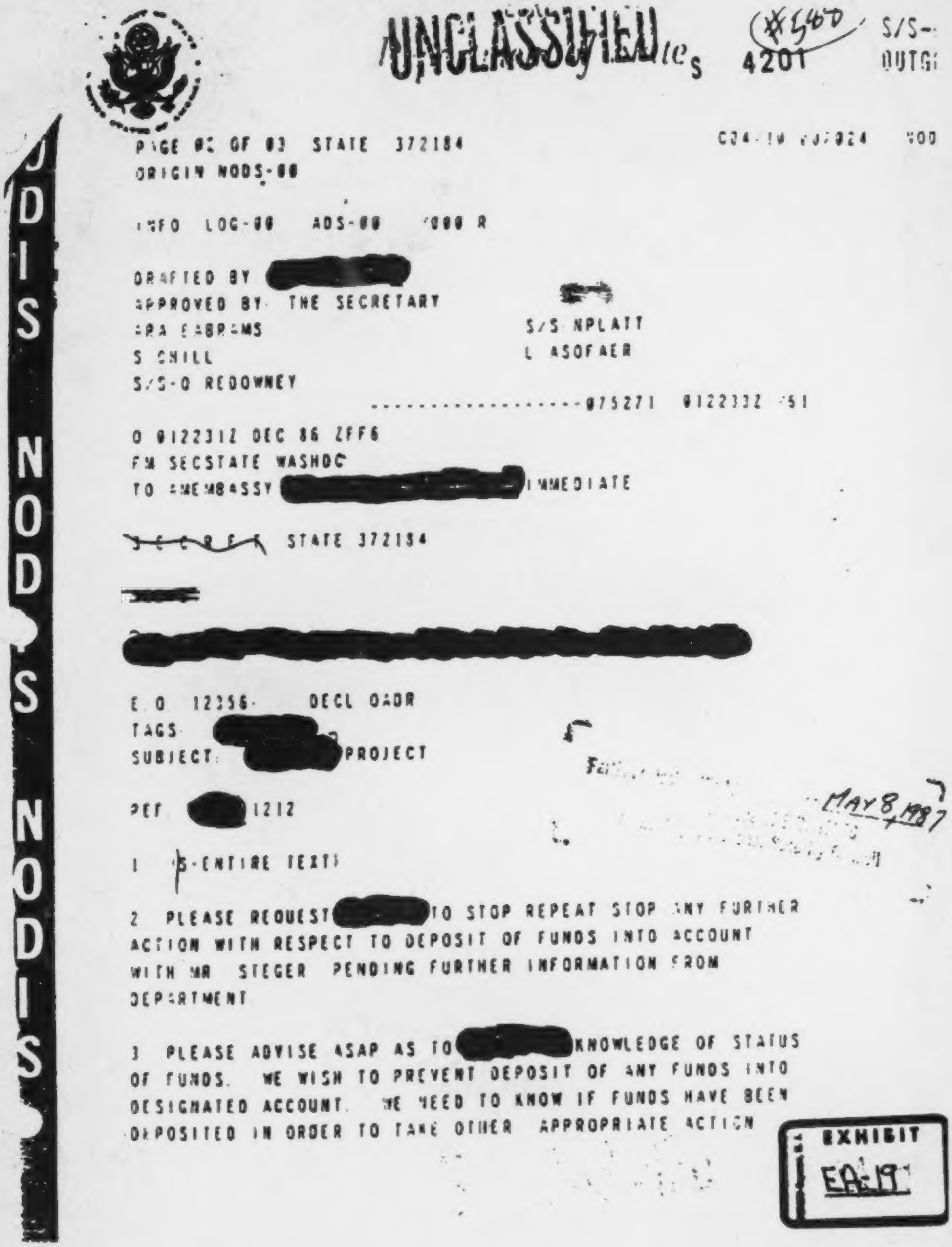
AND I THOUGHT HE WOULD ENJOY THE PROGRAM THAT HAD BEEN ARRANGED FOR HIM ABOARD THE AIRCRAFT CARRIER USS [redacted] THE [redacted] SAID HE WAS VERY MUCH LOOKING FORWARD TO THE EXPERIENCE.

S 4196

[redacted]

UNCLASSIFIED

EXHIBIT EA-19



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(#540) S/S-
4201 OUTG

PAGE 01 OF 03 STATE 372184 C34-1W 0J7024 NOD
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DRAFTED BY [redacted]
APPROVED BY: THE SECRETARY
ARA EABRAMS S/S NPLATT
S CHILL L ASOFAER
S/S-O REDOWNEY
------------------075271 012233Z /51

O 012231Z DEC 86 ZFF6
FM SECSTATE WASHDC
TO AMEMBASSY [redacted] IMMEDIATE

~~SECRET~~ STATE 372184

[redacted]

[redacted]

E.O. 12356: DECL: OADR
TAGS: [redacted]
SUBJECT: [redacted] PROJECT

REF: [redacted] 1212

MAY 8, 1987

1. (S-ENTIRE TEXT)

2. PLEASE REQUEST [redacted] TO STOP REPEAT STOP ANY FURTHER ACTION WITH RESPECT TO DEPOSIT OF FUNDS INTO ACCOUNT WITH MR. STEGER PENDING FURTHER INFORMATION FROM DEPARTMENT.

3. PLEASE ADVISE ASAP AS TO [redacted] KNOWLEDGE OF STATUS OF FUNDS. WE WISH TO PREVENT DEPOSIT OF ANY FUNDS INTO DESIGNATED ACCOUNT. WE NEED TO KNOW IF FUNDS HAVE BEEN DEPOSITED IN ORDER TO TAKE OTHER APPROPRIATE ACTION.

EXHIBIT
EA-19

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S/S-
OUT:

PAGE 03 OF 03 STATE 372184 [illegible] 4280

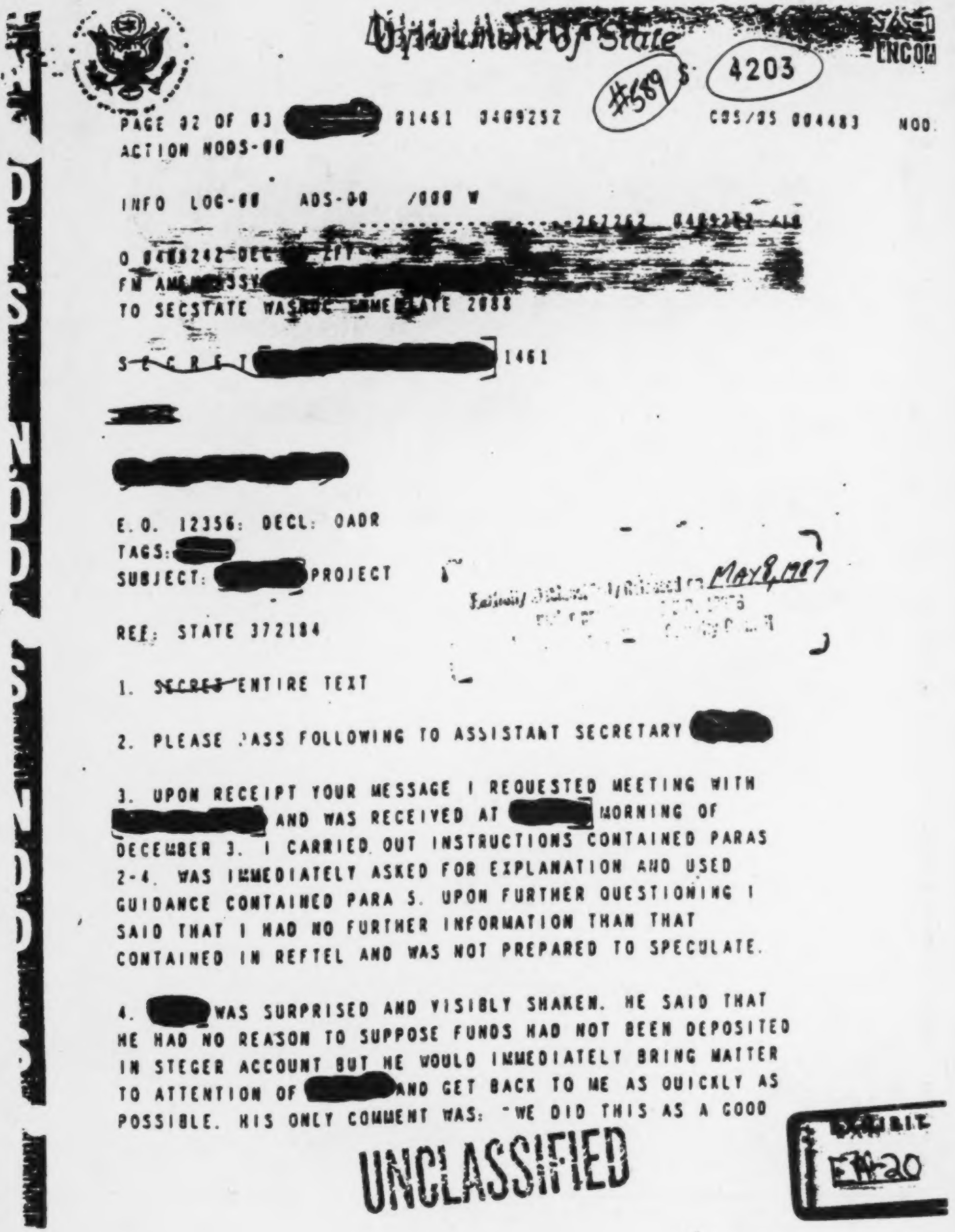
IS NODIS NODIS

4 ADVISE [redacted] THAT WE WILL BE IN TOUCH SOON AS TO FURTHER ACTION WITH RESPECT TO HIS GENEROUS OFFER.

5 IF ASKED, YOU MAY INFORM THE [redacted] THAT WE CONSIDER THE ACCOUNT IN QUESTION TO BE AN INAPPROPRIATE CHANNEL IN LIGHT OF RECENT EVENTS. SHULTZ

UNCLASSIFIED

EXHIBIT EA-20



Department of State

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PAGE 02 OF 03 [redacted] 01461 040925Z CDS/05 004483 NOD

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TO SECSTATE WASHDC IMMEDIATE 2088

~~SECRET~~ [redacted] 1461

[redacted]

[redacted]

E.O. 12356: DECL: OADR

TAGS: [redacted]

SUBJECT: [redacted] PROJECT

Partially Declassified/Released on MAY 8, 1987 [illegible]

REF: STATE 372184

1. ~~SECRET~~ ENTIRE TEXT

2. PLEASE PASS FOLLOWING TO ASSISTANT SECRETARY [redacted]

3. UPON RECEIPT YOUR MESSAGE I REQUESTED MEETING WITH [redacted] AND WAS RECEIVED AT [redacted] MORNING OF DECEMBER 3. I CARRIED OUT INSTRUCTIONS CONTAINED PARAS 2-4. WAS IMMEDIATELY ASKED FOR EXPLANATION AND USED GUIDANCE CONTAINED PARA 5. UPON FURTHER QUESTIONING I SAID THAT I HAD NO FURTHER INFORMATION THAN THAT CONTAINED IN REFTEL AND WAS NOT PREPARED TO SPECULATE.

4. [redacted] WAS SURPRISED AND VISIBLY SHAKEN. HE SAID THAT HE HAD NO REASON TO SUPPOSE FUNDS HAD NOT BEEN DEPOSITED IN STEGER ACCOUNT BUT HE WOULD IMMEDIATELY BRING MATTER TO ATTENTION OF [redacted] AND GET BACK TO ME AS QUICKLY AS POSSIBLE. HIS ONLY COMMENT WAS: "WE DID THIS AS A GOOD

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EXHIBIT EA-20

FAITH GESTURE TO A FRIEND. LET US HOPE THAT AS A RESULT [redacted] DOES NOT BECOME PART OF A PUBLIC SCANDAL".

5. THE NEXT DAY, DECEMBER 4, I WAS ASKED TO CALL [redacted] STATED THAT IN RESPONSE TO [redacted] INQUIRY DOLLARS TEN MILLION HAD BEEN TRANSFERRED ON AUGUST 19, 1986, TO MR JACOB STEGER, CREDIT SUISSE, GENEVA, AS INSTRUCTED. THE TRANSFER HAVING BEEN MADE, THESE FUNDS COULD NOT BE WITHDRAWAN EXCEPT ON THE ORDERS OF THE RECIPIENT. [redacted] SAID THAT [redacted]S KNOWLEDGE WAS LIMITED TO EXECUTING THE TRANSFER ORDER. HE ALSO SAID THAT HE HAD NOTHING MORE TO SAY BUT TO REPEAT WHAT HE HAD SAID THE DAY BEFORE. THIS GOOD FAITH GESTURE BY [redacted] HAD BEEN BASED ON AN UNDERSTANDING OF CONFIDENTIALITY. IT WOULD BE MOST UNFORTUNATE IF THIS UNDERSTANDING WAS NOT OBSERVED.

[redacted]

EXHIBIT EA-21

FILE: .2 [redacted] AD WHITE HOUSE COMMUNICATIONS AGENCY

[redacted]

12158

MSG FROM: NSOLD --CPUA TO: NSJMP --CPUA 09/06/86 15:33:36
To: NSJMP --CPUA

*** Reply to note of 09/02/86 16:01
NOTE FROM: OLIVER NORTH
Subject: Iran

Last night at 2330 our Project Democracy rep. in C[redacted]ta Rica called to advise that the Arias Gov[redacted] [redacted]as going to hold a press conference today (Saturday) announcing that an illegal support operation for the Contras had been taking place from an airfield in Costa Rica for over a year. The names of two Americans, Secord and [redacted]ere going to be predominantly mentioned. I called [redacted] to confirm the info and he returned call [redacted]30 verifying the info. I then had a conference call w/ Tambs, Abrams and [redacted] and we agreed on the following sequence: -- North to call Pres. Arias and tell him that if the press conference were held, Arias [redacted] [redacted]d never see a nickel of the $80M that McPherson had promised him earlier on Friday. --Tambs then called Arias from his leave location in W. Va. and confirmed what I had said and suggested that Arias talk to Elliott for further confirmation. --Arias then got the same word from Elliott. [redacted] [redacted] At 0300 Arias called back to advise that there wd be no press conference and no tour of reporters sent to the airfield. As a precaution, the Project a/c were flown [redacted] last night and no Project personnel remain in site at the field other than local guards (8). [redacted] advises today that this operation was timed to coincide w/ the Conference on our $100M and was directed by the Cubans. [redacted] I recognize that I was well beyond my charter in dealing w/ a head of state this way and in making threats/offers that may be impossible to deliver, but under the circumstances - and w/ Elliott's concurrence - it seemed like the only thing we could do. Best of all, it seems to have worked. I believe that it is important that you or Al or both make a trip down there again as soon as the $100M is approved so that someone w/ more horsepower than I can look Arias [redacted] [redacted] very aware of our resolve in making this project work. If Al were to go it wd be a good opportunity for him to become familiar w/ some of the faces which will be critical to this effort if it is to succeed. C/O North

. Iran

[redacted]

[illegible] Released on 4/14/87
under provisions of E.O. 12356
by [illegible] National Security Council

EXHIBIT
EA-21

#41

EXHIBIT EA-22

EXHIBIT
EA-22

→ 34

N 12611

4May87

MSG FROM: NSJMP --CPUA TO: NSOLN - ... [redacted]
To: NSCLN --CPUA

*** Reply to note of 09/25/86 11:23
-- SECRET --

NOTE FROM: JOHN POINDEXTER
Subject: Public Affairs Campaign on Central America
I agreed. Why didn't Lew Tambs know that this was coming? [redacted]

[redacted]

(Public Affairs Campaign on Central America
MSG FROM: NSOLN --CPUA TO: NSJMP --CPUA 09/25/86 11:23:05
To: NSJMP --CPUA

*** Reply to note of 09/13/86 12:01
NOTE FROM: OLIVER NORTH
Subject: Public Affairs Campaign on Central America
Elliott Abrams has just called from New York, followed by an urgent call from [redacted] Last night Costa Rican Interior Minister Garron held a press conference in San Jose and announced that Costa Rican authorities had discovered a secret airstrip in Costa Rica that was over a mile long and which had been built and used by a Co. called Udall Services for supporting the Contras. In the press conference the minister named one of Dick's agents (Olmstead) as the man who set up the field as a "training base for U.S. military advisors." Damage assessment: Udall Resources, Inc., S.A. is a proprietary of Project Democracy. It will cease to exist by noon today. There are no USG fingerprints on any of the operation and Olmstead is not the name of the agent - Olmstead does not exist.

We have moved all Udall resources ($40K) to another account in Panama, where Udall maintained an answering service and cover office. The office is now gone as are all files and paperwork. The bottomline is that [redacted]

[redacted] [redacted] Elliott has said that he and the Secretary [redacted]

JMP 39/148 25-26

N 12612

#35

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FILE: SEP86 [redacted] AO WHITE HOUSE COMMUNICATIONS AGENCY

[redacted]                                        [redacted]

  Public Affairs Campaign on Central America                          B
NSG FROM: NSJMP   --CPUA      TO: NSWRP    --CPUA          09/25/86 18:57:13
To: NSWRP   --CPUA

*** Reply to note of 09/25/86 13:25          -- [redacted] --

NOTE FROM: JOHN POINDEXTER
Subject: Conventional Arms Control Options   package 90662
[redacted]
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4May87

JMP. 3a 149

EXHIBIT EA-23

THE WHITE HOUSE

WASHINGTON

SYSTEM II
90369

N 3872

NOTED

~~SECRET~~

May 15, 1986

MEETING WITH THE NATIONAL SECURITY PLANNING GROUP (NSPG)

DATE: Friday, May 16, 1986
LOCATION: White House Situation Room
TIME: 11:00 a.m. - 12:00 noon

FROM: JOHN M. POINDEXTER

I. PURPOSE

To resolve issues on aid to the Nicaraguan Democratic Resistance Forces (DRF) and our current posture in the Contadora process.

II. BACKGROUND

The delay in Congressional action on your aid proposal for the DRF, coupled with the ongoing Contadora discussions, are creating expectations and anxieties in the U.S. and in Central America. The resistance itself is increasingly desperate as available supplies are depleted. As of May 1, no further medical supplies or clothing are available. By mid-June the outside support the resistance has received will have been consumed, and no further significant support appears readily available.

As time goes on without any USG or outside assistance, the capabilities and morale of the resistance will be seriously debilitated. Despite our assurances to the Central American democracies, we still do not have a clear legislative path that will assure a positive vote in the next few weeks. This factor is also influencing Central American thinking on the Contadora accord.

Contadora negotiations are scheduled to resume in Panama on Friday, May 16. [redacted] The Sandinistas will likely proclaim that they are prepared to sign another version of the treaty, containing proposals which our friends have rejected. We will then find ourselves engaged in a propaganda contest in which each side will claim the other is intransigent. Our objective should be to support our friends' position as a positive and constructive Central American effort to deal with the region's problems, while denouncing the Sandinistas for refusing to negotiate.

cc Vice President
Don Regan

~~SECRET~~
~~Declassify: OADR~~

SECRET

EXHIBIT
EA-23

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[redacted] This continues to be a volatile political issue which has created considerable speculation that a treaty is about to be signed by the Central Americans which would "sell out" the DRF. This NSPG meeting is an opportunity for you to clarify the facts and restate our position on Contadora:

-- The USG will support a verifiable and enforceable treaty which ensures that all the Contadora 21 Points are addressed.

-- That this country cannot and will not be a party to any agreement which does not assure that implementation of these 21 Points can be fully verified.

-- [redacted]

A consistent Administration position on Contadora, as indicated above, will be helpful in Central America and with the Congress. Our legislative experts advise that the only realistic vehicle for aid to the DRF is the Military Construction Bill which is pending Committee action in the House. We have indications that, while Speaker O'Neill will accept DRF aid amendments to this bill during the week of June 9, he has no intention of allowing it to pass. Even if such a vehicle passes in the House, we stand a good chance of filibuster in the Senate and the likelihood that no aid would be available until August or September 1986.

Given the urgency of the situation within the resistance, it is important that we identify measures which can provide some form of immediate assistance. Three options have been developed:

-- An immediate reprogramming of $15M from DOD to CIA for humanitarian assistance to the DRF. These funds would reduce your subsequent request from $100M to $85M. This action would require approval in the House and Senate Intelligence Committes, the Armed Services Committees, and the Defense Appropriations Sub-Committees. We can make a good case that this humanitarian assistance ($5M per month through August 1986) is essential to maintain the option of DRF pressure in order to improve prospects for a verifiable and enforceable Contadora agreement. Those who counsel delay on any DRF aid until after the Contadora process has "played out" can be deterred by the argument that a ceasefire under Contadora still requires the DRF to survive while "national reconciliation negotiations" are underway.

- A Presidential appeal for private donations by U.S. citizens. Such a step would undoubtedly result in considerable domestic criticism and perhaps a Congressional move to make such activity unlawful. We would also have to ensure that donations were properly managed and disbursed in such a way as to support a broad based democratic resistance movement.

- A direct and very private Presidential overture to certain Heads of State who are financially and politically capable of "bridging" the resistance needs until a more favorable Congressional environment obtains. Such a step would likely allow us to demonstrate the viability of the resistance without having to endure further domestic partisan political debate. This option has two significant liabilities:

    - Public exposure would exacerbate the current partisan atmosphere.

    - The foreign contributors would ultimately expect that their largesse would result in some kind of USG concession in their favor.

Finally, all agree that our policy in the region on both Contadora and the resistance requires you to increase your personal profile on the issues. If this meeting results in consensus on these two issues, we should quickly submit a Presidential Message to the Congress noting the immediate need for the $15M in non-military assistance to the DRF. Your Message should cite the consequences of a failure to act and its national security implications.

III. **PARTICIPANTS:** See clearance list at Tab B.

IV. **PRESS PLAN:** None.

V. **SEQUENCE OF EVENTS:** See agenda Tab A.

Prepared by:
Oliver North
Ray Burghardt

Attachments
Tab A - Agenda
Tab B - List of Participants

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THE WHITE HOUSE
WASHINGTON

SYSTEM II
90369

N 3875

SECRET

MEETING WITH THE NATIONAL SECURITY PLANNING GROUP (NSPG)

Friday, May 16, 1986
White House Situation Room
11:00 a.m. - 12:00 noon

I.	INTRODUCTION	John Poindexter (2 minutes)
II.	INTELLIGENCE BRIEFING	Director Casey (5 minutes)
III.	CONTADORA SUMMARY	Secretary Shultz (10 minutes)
IV.	RESISTANÇE FUNDING OPTIONS	John Poindexter (10 minutes)
V.	DISCUSSION	All (30 minutes)
VI.	SUMMARY	John Poindexter (3 minutes)

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Declassify: OADR

UNCLASSIFIED

UNCLASSIFIED

N 3876

MEETING WITH THE NATIONAL SECURITY PLANNING GROUP (NSPG)

Friday, May 16, 1986
White House Situation Room
11:00 a.m. - 12:00 noon

VP Office

Mr. Don Gregg

State

Secretary George Shultz
Assistant Secretary Elliott Abrams

Defense

Secretary Caspar Weinberger
Under Secretary Fred Ikle

CIA

Director William Casey
[redacted]

JCS

Admiral William Crowe
LTGEN John Moellering

White House

Mr. Donald Regan
Mr. William Ball
ADM John Poindexter

NSC

LTCOL Oliver North
Mr. Raymond Burghardt

[illegible]

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THE WHITE HOUSE
WASHINGTON

SYSTEM II
90369

N 3877

SECRET

MEETING WITH THE NATIONAL SECURITY PLANNING GROUP (NSPG)

Friday, May 16, 1986
White House Situation Room
11:00 a.m. - 12:00 noon

I.	INTRODUCTION	John Poindexter (2 minutes)
II.	INTELLIGENCE BRIEFING	Director Casey (5 minutes)
III.	CONTADORA SUMMARY	Secretary Shultz (10 minutes)
IV.	RESISTANCE FUNDING OPTIONS	John Poindexter (10 minutes)
V.	DISCUSSION	All (30 minutes)
VI.	SUMMARY	John Poindexter (3 minutes)

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Declassify: OADR

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SECRET

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

SYSTEM II
90369
Follow-on

May 14, 1986

N 3878

JOHN M. POINDEXTER

OLIVER L. NORTH
RAYMOND F. BURGHARDT

National Security Planning Group (NSPG) Meeting

ab I is a memo from you to the President forwarding
ing the NSPG meeting scheduled for Friday, May 16,
in the WHSR on aid to the Nicaraguan Democratic
ces (DRF) and the current situation in the
ess. An agenda is attached at Tab A and a list of
t Tab B.

al and forward the memo to the President at Tab I.

ove ✓ Disapprove ____

Poindexter Memo to the President
Tab A - Agenda
Tab B - List of Participants

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EXHIBIT EA-24

UNCLASSIFIED

THE WHITE HOUSE C H 029170

WASHINGTON

CENTRAL AMERICA BRIEFING
FOR THE AMERICAN CONSERVATIVE TRUST AND THE NATIONAL ENDOWMENT FOR THE PRESERVATION OF LIBERTY

January 30, 1986, 2:30 p.m. -- The Roosevelt Room

* * *

2:30 p.m. Welcome -- Linas Kojelis, Special Assistant to the President for Public Liaison

Remarks -- Linda Chavez, Deputy Assistant to the President for Public Liaison

"Central American Overview: An Update" -- Elliott Abrams, Assistant Secretary of State for Latin America

3:15 p.m. Remarks -- The President

"Report on Nicaragua" -- Oliver North, Deputy Director, Political-Military Affairs, National Security Council

* * *

UNCLASSIFIED

1034

[redacted] Released on 28 May 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

EXHIBIT
EA-24

THE WHITE HOUSE

WASHINGTON

N 22715

MEETING WITH
NATIONAL ENDOWMENT FOR PRESERVATION OF LIBERTY

January 30, 1986
Roosevelt Room
3:00 p.m.

FROM: Linda Chavez LC

I. PURPOSE

The National Endowment for the Preservation of Liberty (NEPL), a special program of The American Conservative Trust (ACT), has sponsored several programs in support of your defense and foreign policies. This briefing is for the principal financial contributors whose patriotism and generosity have made these public education programs so successful and influential.

II. BACKGROUND

In 1985, ACT and NEPL spent in excess of $3 million supporting the President's programs through public awareness using television and newspaper messages. Their Central American Program was initiated last June. They produced and aired a television spot supporting your position on arms control. A post-Geneva tribute to your success at the summit was also aired on all network affiliates.

ACT/NEPL will raise $3 million for educating public opinion on the issue of aid to the democratic resistance over the next six weeks. The purpose of this briefing is to: (1) provide current status report on the situation in Nicaragua; (2) recognize and express gratitude for their efforts in supporting the President; (3) encourage continuance of their generosity in funding these worthwhile projects.

Your participation will be preceded by briefings by Asst. Secretary Elliott Abrams (State), Oliver North (NSC) and Linda Chavez.

III. PARTICIPANTS

34 supporters and four staff members of ACT and NEPL.

1033

IV. PRESS PLAN: White House photographer only

V. SEQUENCE OF EVENTS

You enter Roosevelt Room, make brief remarks (per talking points), greet the guests and depart.

Attachment: Talking Points
Coordination: NSC (O. North)

[redacted]eleased on 28 May 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

UNCLASSIFIED

N 22716

TALKING POINTS FOR THE PRESIDENT

Meeting with the National Endowment for the Preservation of Liberty

Thursday, January 30, 1986, 3:00 p.m.
Roosevelt Room

-- Very glad you could come here today and that I could meet you -- who have so vigorously supported our policy of advancing the cause of democracy in Central America.

-- In the days ahead, your support will be even more important as we move to obtain resources from the Congress to enhance our assistance to the Nicaraguan Democratic Resistance Forces (DRF).

-- The programs you have supported in the past have been critical to our efforts and those who struggle for liberty against the totalitarian communist regime in Managua.

-- With your help we can prevent the consolidation of this Soviet client state on the mainland of our hemisphere.

-- What you have done to help in the struggles against oppression is in the tradition of the American people.

-- Your selfless devotion to the cause of freedom and democracy has well served this great nation. Thank you and God bless you.

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EXHIBIT EA-25

N 4151

11 Massachusetts Avenue N W
Washington DC 20001
202 898-7900

PLEASE CREDIT EXCERPTS TO "EVANS & NOVAK" (CNN).

EVANS & NOVAK

AIR TIMES:	Saturday, October 11, 1986; 12:30 PM, ET Sunday, October 12, 1986; 12:30 AM & 4:30 PM, ET
ORIGINATION:	Washington, D.C.
GUEST:	ELLIOTT ABRAMS Assistant Secretary of State for Inter-American Affairs
INTERVIEWED BY:	Rowland Evans & Robert Novak
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EDITOR: This is a rush transcript provided for the information and convenience of the press. Print and broadcast media are permitted to quote this transcript provided credit is given to "EVANS & NOVAK" (CNN Video and audio cassettes are available upon request to the media. Fo further information, please contact Elissa Free or Susan Cheiken at (202) 898-7900.

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EXHIBIT
EA-25

N1712
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CNN'S EVANS & NOVAK

N 14152

MR. NOVAK: I'm Robert Novak. Rowland Evans and I will question a senior administration official about the American shot down over Nicaragua by the Sandinistas.

MR. EVANS: That official is Assistant Secretary of State Elliott Abrams.

MR. EVANS (on tape): Who is Eugene Hasenfus? We know he is an American citizen, an ex-Marine, a solider of fortune in the Vietnam War, and we know his transport plane was shot down over Nicaragua. The CIA flatly denies that he was a CIA man, or that the CIA had anything to do with the plane or with Hasenfus. And President Reagan strongly suggested that Hasenfus is a good American citizen acting as a private citizen to help the U.S.-backed contras overthrow the Sandinista-Marxist regime.

PRESIDENT REAGAN (Wednesday, October 8, 1986): We've been aware that there are private groups and private citizens that have been trying to help the contras, to that extent, but we did not know the exact particulars of what they're doing.

MR. EVANS: Mr. Secretary, can you give me categorical assurance that Hasenfus was not under the control, the guidance, the direction, or what have you, of anybody connected with the American government?

MR. ABRAMS: Absolutely. That would be illegal. We are barred from doing that, and we are not doing it. This was not in any sense a U.S. government operation. None.

MR. NOVAK: We'll be back with more questions for Assistant Secretary Abrams after these messages.

- - -

MR. NOVAK: Assistant Secretary of State Abrams, you gave categorical assurance in answer to my partner's question that Mr. Hasenfus is not taking orders from anybody connected with the U.S. government. You know, in this town, sir, that gets howls of laughter, particularly from my colleagues, when Mr. Hasenfus himself says I thought I was working for the CIA.

MR. ABRAMS: First, we don't know what Mr. Hasenfus thinks. Mr. Hasenfus is a captive of the Sandinistas; he is in their control. God knows what they are saying to him or doing to him. And nothing that he says while he's in their captivity can be thought of as being his actual views until he's free to speak. Secondly, it is conceivable also to me that he thought--because I don't know him--that he thought he was, in fact, working for the CIA. That is conceivable.

MR. NOVAK: Why would he think that?

MR. ABRAMS: Well, I'll get to that in a second. I just wanted to repeat that categorical assurance that he was not. If you look at this series of people who are, in fact, engaged, and have been for the last couple of years in helping the contras, they came in when the Congress abandoned the fredom fighters in Nicaragua, and they've been keeping them alive for two years. When they got started, it looks as if they did what you'd you expect. They looked around and said, who's got some experience for this kind of work. And they came up with some people who were in Air America, which had connections with the CIA in Vietnam, and who were in Vietnam, and who were in the CIA. You'll find a close pattern of relationships here. You'll find some old school ties. But you will not find any current ties.

MR. NOVAK: All right, now, just on Friday the San Francisco Examiner reported that, no, quoting intelligence sources, said there was no CIA connection, but there was connection, of all places, from Vice President Bush's office. That Vice President Bush's security aid, Mr. Don Gregg, had hired this Max Gomez, who Mr. Hasenfus described as a CIA agent. Do you know anything about that?

MR. ABRAMS: Not a lot. I first heard about it on Friday morning as well. I can say first of all there's no Max Gomez. Whoever that gentleman is, he certainly isn't named Max Gomez. So we need, first of all, to find out who he is. Secondly, I know nothing about any connection to the Vice President's office whatsoever. And thirdly, in his capacity down there in Central

America helping whoever he is, he is not on the U.S. government payroll in any way.

MR. NOVAK: Now, when you say gave categorical assurance, we're not playing word games that are so common in Washington. You're not talking about the NCS, or something else?

MR. ABRAMS: I am not playing games.

MR. NOVAK: National Security Council?

MR. ABRAMS: No government agencies, none.

MR. EVANS: Mr. Secretary, you said that if the Sandinistas had Hasenfus in captivity, and if he said what they wanted him to say, he'd be out in no time; if he didn't, he might be in for 30 years. Will he now be out in no time, since he has said he was a CIA man?

MR. ABRAMS: I don't know. I don't know how they're--

MR. EVANS: But you said that.

MR. ABRAMS: Well, that's right. and the question is what they think of what he said, and what they're trying to use this incident for, for political advantage, obviously. But how? Will they risk a trial? Will they risk turning themselves into an Iran with kangaroo courts of Americans?

MR. EVANS: You think he has been coerced into making this statement about the CIA. You don't think he made it knowing that it was correct, thinking it was correct, I mean. He made it knowing it was false?

MR. ABRAMS: I don't know. I know that you cannot rely on any statement he makes while in their control as being his actual views.

MR. EVANS: Mr. Secretary, the New York Times reporter down there--I don't remember his name, but I think he's probably a good reporter--said that he had inspected the records on the plane, the documents, for two hours, and he said they don't prove anything to me, but he said everything I looked at tends to support what Hasenfus has told us, that he was a CIA man.

MR. ABRAMS: Well, he wasn't.

MR. EVANS: Can you give me an explanation of that?

MR. ABRAMS: Yes. I would first point you, again, to the Senate and House Intelligence Committee chairmen, Durenberger and Hamilton--

MR. NOVAK: Senator Durenberger of Minnesota and Congressman Hamilton of Indiana.

MR. ABRAMS: That's right, who has said--

MR. EVANS: Chairman of two Intelligence Committees.

MR. ABRAMS: Both chairmen, one Democrat, one Republican, have said this is not in any sense a CIA operation. And I want to repeat that again. Why does it look like a CIA operation? I will bet you, and it's a bet because I don't know for sure that there are ex-CIA people involved, or people who have done this kind of work before in Asia and Africa, in Latin America. Who do you--you know, when you're putting an operation like this together, you don't advertise in the New York Times. You ask around for people who are reliable.

MR. EVANS: I understand that. Mr. Secretary, let me pursue this one more, and don't please draw erroneous conclusions about my own feelings about this from these quesetions. I'm only seeking the truth. I'm not telling you think. I think the man is a patriot. However, he's being paid three thousand dollars a month, and if there's one who kicks out the cargo being paid three thousand dollars a month, there must be twenty or thirty or forty or heaven knows how many. Who's supplying that money?

MR. ABRAMS: I can tell you only one thing about that, and that is that there is no one source, as near as I can make out, nor is there any one organization. There are a whole bunch of them. I don't know who they are. I want to be very clear on that. We do not follow and find out the identities of the thousands of Americans who help the FMLN guerillas in El Salvador, the communists, or the communist regime in Nicaragua. Because they have a right to do so as Americans. And we don't follow the people who are trying to help U.S. policy and restore freedom to Nicaragua. I don't know who they are.

MR. EVANS: Saudi Arabian money?

MR. ABRAMS: I have heard that, again, on Thursday or Friday, and as far as I am aware it is just plain false.

MR. EVANS: Israeli money

MR. ABRAMS: Again, as far as I am aware--but I want to--

MR. EVANS: I can't believe you don't know where that money's coming from.

MR. ABRAMS: I do not know where that money is coming from.

MR. NOVAK: All right, Mr. Abrams, there's one problem with your story. And that is that Mr. Hasenfus says that his plane had been taking off from a U.S. airbase in El Salvador, it had taken off on this particuliar flight from a base used by the U.S. military in Honduras, and the Joe Smith Ajax Transport Company can't just use those bases. You have to have a lot of clout to use a U.S. military base.

MR. ABRAMS: I start again, you don't know what Mr. Hasenfus actually believes. You only know what he's saying under the control of the Sandinistas. As to allegations of third country involvement in this, you, I think, would understand, I am never, ever going to comment publicly on allegations that other countries are involved.

MR. NOVAK: But it's our air base in El Salvador.

MR. ABRAMS: We don't have any air bases in El Salvador.

MR. NOVAK: Well, who owns that base in El Salvador, who maintains that base?

MR. ABRAMS: We don't have any bases, and therefore, any bases that exist in El Salvador are maintained by the government of El Salvador.

MR. EVANS: We have the right to use it, however. We rent certain facilities at that air base.

MR. ABRAMS: I don't believe that's correct.

MR. NOVAK: You've backed me into a cul de sac, Mr. Abrams. You're a very clever fellow, but the point of the matter is that if you have this plane using U.S. military facilities, and they are down there--

MR. ABRAMS: It is not. Let me just say that. It is not. That if this plane were using, the plane that was downed, U.S. military facilities, we would be in violation of the law, because the law says no weapons to the freedom fighters, and we are not doing that it. They are not using U.S. military facilities.

MR. NOVAK: So you are extending your categorical denial to that.

MR. ABRAMS: To DOD, absolutely.

MR. NOVAK: One more thing on the legal end, Mr. Abrams. There are a lot of people on this network, on CNN, last week Congressman Peter Kostmayer of Pennsylvania said that this man, whatever else, Mr. Hasenfus was in violation of the Neutrality Act. What do you think of that?

MR. ABRAMS: I'm not expert on the Neutrality Act. My understanding is that if Mr. Hasenfus was working in Central America that he was not in violation. If he was shipping arms out of the U.S. then perhaps he was. But that, you know, these are eighteenth century, arcane statutues. I can't tell you whether he was or wasn't. But I don't think he was.

MR. NOVAK: Do you think we ought to repeal the Neutrality Act?

MR. ABRAMS: Oh, I'm not going to touch that one.

MR. EVANS: But you think it's a non-act anyway; you say it's arcane, archaic.

MR. ABRAMS: No, we have, no, there have been people who have been actually prosecuted by the Justice Department for violations of it.

MR. EVANS: Now, Mr. Assistant Secretary Elliott Abrams, I hate to do too much on this, but I have to. A plastic ID was found in that aircraft. It was issued by the Salvadoran air force. It identified Hasenfus as a quote, as an, quote, adviser, unquote, in, quote, U.S.A., unquote, group at Ilopango.

MR. NOVAK: Ilopango's the air base in El Salvador.

MR. EVANS: Correct.

MR. ABRAMS: I'll repeat again. He was not in any way not only a U.S. government employee, U.S. government adviser, he had no connection whatsoever with the U.S. military.

MR. EVANS: I have to believe you, because I know you're an honest man. Explain to me what the word adviser, and U.S.A., those two words, mean, could mean, what could they mean?

MR. ABRAMS: This--my understanding was it said, it said "Grupo U.S.A.", U.S.A. group. That's not the U.S. military adviser group. The first thing I did when I heard about that from the Sandinistas in TV was to call our ambassador in El Salvador and say who's on, who's in your military group, the famous 55 advisers, is this man any way--no connection. Now, who printed up that card and who gave it to him? I don't have a clue.

MR. EVANS: Now, let me ask you another question that intrigues me, and Sally, Mrs. Hasenfus, and apparently she's a very intelligent woman living up there in the great state of Wisconsin. I was told that she phoned the State Department, and in asking what had happened to her husband, said, of course, he is with the CIA. Why would she on earth do that?

MR. ABRAMS: If she said that, I can think of one very good reason. Maybe she thinks that he was.

MR. EVANS: In other words, that he was not leveling with her as to what is real--

MR. ABRAMS: I don't know. all I know for a fact is that he wasn't.

MR. NOVAK: You're going to say that maybe he thinks he was, too?

MR. ABRAMS: Oh, that's perfectly plausible to me.

MR. EVANS: How? Explain that to our--

MR. ABRAMS: Remember the--

MR. EVANS: I don't understand that. I don't think our viewers understand that.

MR. ABRAMS: Oh, I think it's simple. Remember what's going on here. A group of people, lots of people, disorganized groups of people are engaged in supplying the resistance. They know that what they're doing is generally approved of by the administration, and it is, keeping the freedom fighters alive until Congress finally acts.

They know that this was an activity that the United States has been engaged in on and off. For example, we had the humanitarian assistance, getting uniforms, food, medicine, to the freedom fighters, and someone comes along and says, I'd like to put you on a covert CIA operation. I'll pay you three thousand dollars a month. Will you help me? You say yes. You don't actually know whether it is a covert CIA operation or not. When you get down to the level at which Mr. Hasenfus was working, a so called kicker, pushed things out of the airplane, into Nicaragua, I very much doubt whether he was exactly sure who was paying him.

MR. NOVAK: All right, Mr. Abrams. By coincidence or not, the Sunday of last weekend, CBS, "60 Minutes", one of the most widely watched programs in America, had a feature on retired Major General John Singlaub in which their promotion said, ah, here's a guy who will fight your war for you, as long as it's an anti-communist war. They kept hyping that during the football game. The New York Timese subsequently says--Mr. Singlaub is in the public consciousness--that General Singlaub's organization owned this plane that crashed; General Singlaub denies it. Who is telling the truth?

MR. ABRAMS: Singlaub was telling the truth. That was not one of his planes, as near as I can make out. The Times story to which you refer, about a week ago, is filled with errors, and that's one of the errors. There is a mistaken view that General Singlaub does all of this. There are actually a lot of groups out there, and a lot of people helping.

MR. NOVAK: Now, I want to just go into this whole question, if I could, of this operation, which as a military amateur it seems to me was the most amateurish thing I could imagine. It was a daylight operation. There was no back up plane. It looked like they didn't use much evasive action. Is this, how dcome operating this way they didn't shoot down a plane long before this? Do you have any guess?

MR. ABRAMS: Yes. Sheer luck. And the fact that the good, that anti-aircraft material has been growing in Nicaragua as the Soviets shipped in more. I'd just pick up on that to say one other thing. The reason this is going on, the reason that there are Americans who were killed and shot down is that Congress won't act. If this bill passed, and the U.S. government were permitted to do this, under that statute no American goes near Nicaragua or within twenty miles of its borders.

MR. NOVAK: Will it pass before the end of this session?

MR. ABRAMS: I believe it will. I believe it will pass next week.

MR. EVANS: Mr. Assistant Secretary Elliott Abrams, do you feel that the credibility of the U.S. government, which has been under some attack anyway, quite apart from this incident, has been hurt by this?

MR. ABRAMS: I think it's too soon to tell. I take great comfort in the fact that the Intelligence Committee members I speak to seem to be in complete agreement that, yes, there was no U.S. government involvement. In fact, even the journalists I speak to have, I think, tended to come to the conclusion.

MR. EVANS: Mr. Secretary, Bernard Kalb, one of your beloved associates, until very recently, just quit the State Department on a charge that he couldn't work under an administration that had a credibility factor as large as the Reagan administration. What do you think about that?

MR. ABRAMS: You're tempting me.

MR. EVANS: No, no. Speak out.

MR. ABRAMS: I think that resigning with this kind of public fuss a few days before the President goes off to a pre-summit meeting with General Secretary Gorbachev was something that should —

not have been done.

MR. NOVAK: It would have been okay if he resigned three days later, in other words.

MR. ABRAMS: Well, I think it would have been a lot better for the country had it been done a few days later. I also think that it just doesn't wash, because the accusation seems to be that the rest of us really should be resigning, too, including the Secretary. And that's just silly.

MR. EVANS: You testified, I believe, on this last Friday, before the Senate Foreign Relations Committee--I believe that's true.

MR. ABRAMS: That's right.

MR. EVANS: Do you find any opposition, or any criticism, or any questioning up there, and is it left or right? Is it liberals or conservatives?

MR. ABRAMS: I find questioning from liberal Democrats about the--

MR. EVANS: Like?

MR. ABRAMS: Well, Senator Kerry, for example, has long been--

MR. EVANS: Of Massachusetts.

MR. ABRAMS: --questioning--that's right. It's basically opponents, basically it's opponents of the policy who are, I would say, looking for yet another way to oppose it.

MR. EVANS: And these are liberals?

MR. ABRAMS: Yes.

MR. EVANS: Did you remind them that the liberals were behind the movement to help the Spanish communists and socialists in the Lincoln Brigade in the 30's?

MR. ABRAMS: No, we didn't.

MR. EVANS: Didn't come up?

MR. ABRAMS: Didn't come up.

MR. EVANS: Do you see an analogy there?

MR. ABRAMS: I would see an analogy. But I would also make a closer analogy today. There are thousands of Americans who are supporting the communist regime in Nicaragua, and the communist guerillas in El Salvador--the FMLN--and we're not going after them. We're not trying to pursue them; we're not trying to find out who they are. They have a right to do that. And they have a right to support communist regimes. We have a right to oppose them. ✓.

MR. NOVAK: Let me follow that up closely. Andrew Messing, who I think you might know--

MR. ABRAMS: I do know.

MR. NOVAK: He's a fellow who helps fight these low intensity warfares around the world, anti-communist. He says that there are Americans who are actually fighting in Nicaragua on the communist side. Do you know that for a fact?

MR. ABRAMS: No. I don't recall any intelligence reporting about Americans being in combat.

MR. NOVAK: Let me ask you another question about Nicaragua. There are reports that the Sandinista army, armor, aircraft, artillery, is massing for an attack on the Miskito Indians who have been in resistence before the American aid finally gets in there. Do you know that to be true?

MR. ABRAMS: I would rather not comment on the state of our intelligence about Sandinista military activities. I'm sorry.

MR. NOVAK: Well, let me generalize the question, Mr. Abrams. Do you think it is possible that there will be some severe military blows suffered before the aid arrives? Is it possible, without talking about Sandinista intentions.

MR. ABRAMS: I think we're getting too close, now. We're a few days away. I think the real question is how do the Sandinistas react to the President signing that bill next week. We think they'll go to the U.N. But more than that, will they attack Honduras again? What will they do? Will they do a big internal attack? We'll see.

MR. EVANS: We only have a moment left. The C2M is the rocket described to me as that which fired against the plane that brought down Hasenfus. Do you know what a C2M is?

MR. ABRAMS: No.

MR. EVANS: Do you know who makes it?

MR. ABRAMS: My understanding is that the plane was brought down by a Soviet made rocket.

MR. EVANS: Maybe that's the C2M. Is there an increase in those Soviet rockets, right now?

MR. ABRAMS: There is an increase in rockets, and a massive increase in Soviet helicopters, and a massive Soviet arms inflow in 1986 into Nicaragua.

MR. EVANS: But specifically on anti-aircraft rocket, does this worry you about all supply planes going in there now?

MR. ABRAMS: It certainly does. It's going to be a larger problem.

MR. NOVAK: We have just under 30 seconds left, Assistant Secretary Abrams. Just looking at this from the broad picture, do you think all this publicity, this hype, do you think this could yet turn around the question in Congress where the--although it's passed both houses--the hundred million dollars in aid would be denied to the contras?

MR. ABRAMS: No. People will try to do that, but the Intelligence Committees who know the facts know that there was no U.S. government role in this.

MR. EVANS: One last question. We only have two seconds left. Any new indications of fixed wing jet aircraft coming in soon to the Sandinistas from Cuba or the Soviet Union?

MR. ABRAMS: No.

MR. EVANS: Is it a high concern of yours?

MR. ABRAMS: It is a great concern. It always is. But we don't see it happening.

MR. EVANS: Thank you, Mr. Secretary Elliott Abrams. My partner and I, after these commercials, will be back with a comment.

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MR. EVANS: Bob, I don't know whether the Assistant

Secretary of State for Latin America has taken lessons on how to be cool under fire, couth under fire, but I gave him the worst pummeling I could. I really tried to get in there. Of course, you were rather aggressive yourself. We didn't get anywhere in bending him out of his position that the U.S. government in no way, shape or form had nothing, in anyway, guidance, organizational, orders, et cetera, to do with this unfortunate, this tragic case.

MR. NOVAK: You know, I've seen a lot of cover-ups in this town, Rowland, and we both may end up with egg on our face before this is over, and this is all an elaborate lie, but this doesn't look like a cover-up, and it doesn't because there is no equivocation. He says it didn't come from a U.S. military base. He says that these companies are not CIA companies. The so-called Max Gomez, the CIA operative, supposedly hired by the CIA or Vice President Bush, doesn't even exist. No, no, no, he says.

MR. EVANS: He makes a good point, too, Bob. He made the point if the U.S. Congress had acted on President Reagan's request for a hundred million dollars worth of military aid, a month ago, weeks ago, or even yesterday, this might not have happened in the way it did. But as he pointed out, the Congress has been sitting and twiddling its thumbs on this issue month after month after month. Now, it's supposed to pass, we hope, before they adjourn next week. We're not sure.

MR. NOVAK: Elliott Abrams wrestled with his conscience and won, and criticized Mr. Kalb, Bernard Kalb who resigned as Assistant Secretary of State for Public Information, on grounds of principle, and he was burned by that. He felt that Bernie Kalb was making him and the other people look like they didn't have any principle for staying on the job. And I think we got a little touch of reality there.

I'm Robert Novak.

MR. EVANS: I'm Rowland Evans.

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EXHIBIT EA-26

From: NSOLN --CPUA Date and time 06/10/86 23:21:54
To: NSJMP --CPUA

*** Reply to note of 08/31/85 13:26 N 4946
NOTE FROM: OLIVER NORTH
Subject: PRIVATE BLANK CHECK

Hopefully you have by now been informed that UNO/FDN safely released the eight West Germans this evening just before dark at the religious commune at Presillas. Franklin is headed North in attempt to get across the Rama Rd before the Sandinistas can close in on him. At this point the only liability we still have is one of DEMOCRACY INC.'s airplanes is mired in the mud (it is the rainy season down there) [redacted] They hope to have it out by dawn. On a separate but related matter: The reason why I asked to speak to you urgently earlier today is that Ray called Elliott Abrams regarding the third country issue. Elliott has talked to Shultz and had prepared a paper re going to [redacted] for contributions. Elliott called me and asked "where to send the money." I told Elliott to do nothing, to send no papers andto talk to no one further about this until he talks to you. He is seeing you privately tomorrow. At this point I need your help. As you know, I have the accounts and the means by which this thing needs to be accomplished. I have no idea what Shultz knows or doesn't know, but he could prove to be very unhappy if he learns of [redacted] aid that has been given in the past from someone other than you. Did RCM ever tell Shultz?

I am very concerned that we are bifurcating an effort that has, up to now, worked relatively well. An extraordinary amount of good has been done and money truly is not the thing which is most needed at this point. What we most need is to get the CIA re-engaged in this effort so that it can be better managed than it now is by one slightly confused Marine LtCol. Money will again become an issue in July, but probably not until mid-month. There are several million rounds of most types of ammo now on hand and more ($3M) worth on the way by ship [redacted] Critically needed items are being flown in from Europe to the expanded warehouse facility [redacted] Boots, uniforms, ponchos etc. are bein g purchased locally and Calero will receive $500K for food purchases by the end of the week. Somehow we will molify the wounded egos of the triple A with not being able to see RR. [redacted] on the blowpipesif we are going to do anything at all about outside support in the next few days, and I wd love to carry the letter from RR [redacted] if we are going to move on something. Meanwhile, I wd recommend that you and RCM have a talk about how much Sec Shultz does or does not know abt [redacted] so that we don't make any mistakes. I don't know who in [redacted] knows since [redacted] never told me. At this point I'm not sure who on our side knows what. Help. Warm regards, North

[redacted]

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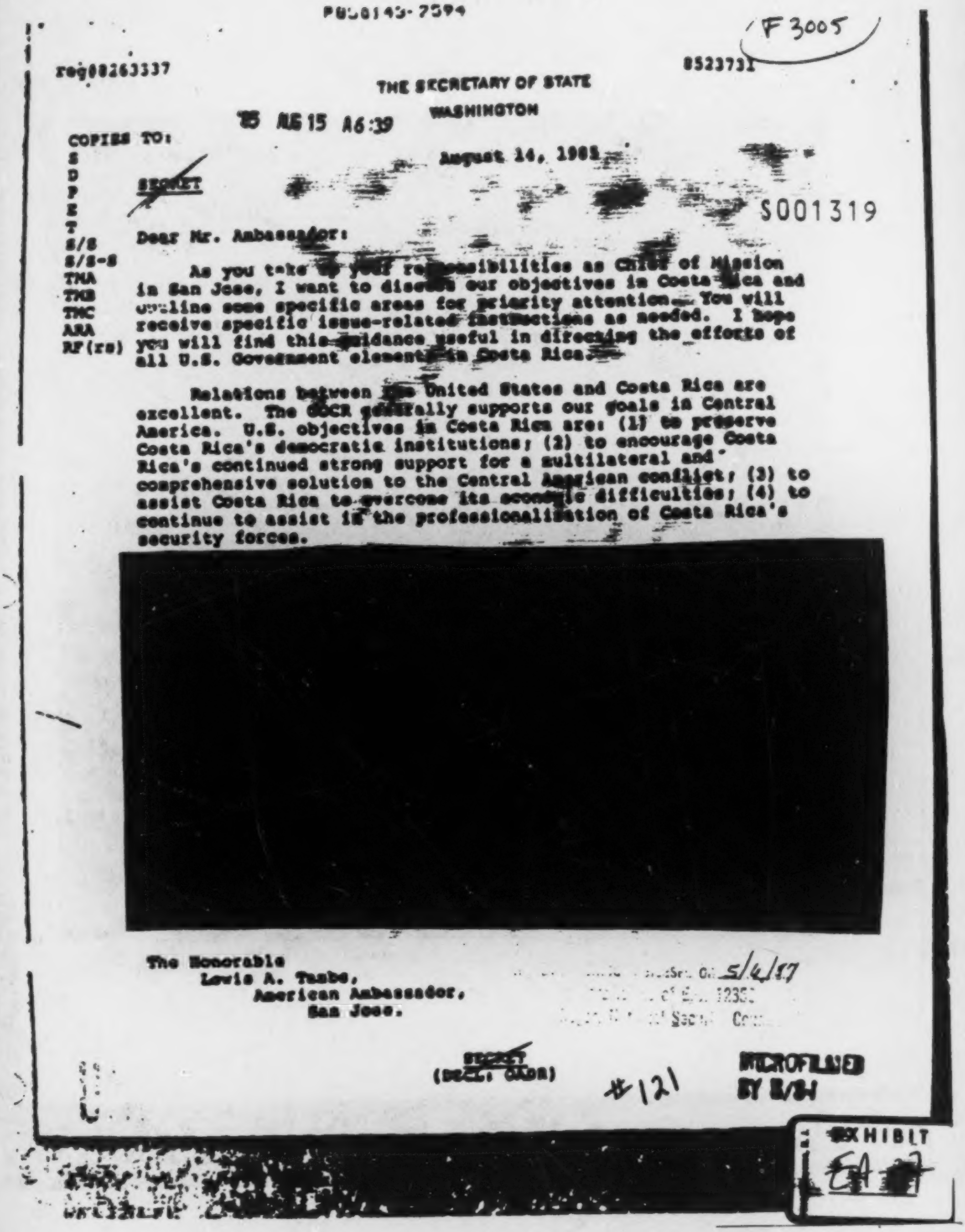
EXHIBIT EA-27



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August 14, 1985

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Dear Mr. Ambassador:

As you take up your responsibilities as Chief of Mission in San Jose, I want to discuss our objectives in Costa Rica and outline some specific areas for priority attention. You will receive specific issue-related instructions as needed. I hope you will find this guidance useful in directing the efforts of all U.S. Government elements in Costa Rica.

Relations between the United States and Costa Rica are excellent. The GOCR generally supports our goals in Central America. U.S. objectives in Costa Rica are: (1) to preserve Costa Rica's democratic institutions; (2) to encourage Costa Rica's continued strong support for a multilateral and comprehensive solution to the Central American conflict; (3) to assist Costa Rica to overcome its economic difficulties; (4) to continue to assist in the professionalization of Costa Rica's security forces.

[redacted]

The Honorable
Lewis A. Tambs,
American Ambassador,
San Jose.

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[illegible] of E.O. 12356
[illegible] Security Co[illegible]

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BY S/S-I

EXHIBIT
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[redacted]

I know that in the course of your duties you will have contact with many officials, on a variety of matters, and you will receive solicited and unsolicited advice and counsel on actions you should take. I want to emphasize that the line of authority runs from the President through me to Assistant Secretary Abrams. All other advice and counsel can and will play an important part in the decision-making and policy-implementation process, but in the final analysis your decisions and actions should be guided by that direct line from the President.

I have directed Assistant Secretary Abrams to issue instructions in my name and serve as the primary communications link between me and Chiefs of Mission in his area of responsibility. You should channel all messages dealing with policy proposals, policy implementation, program activities and post operations to or through him, with the understanding that for extraordinary situations there are channels of direct communication with me that are available for your use.

Sincerely yours,

George P. Shultz

George P. Shultz

5/6/87

Drafter:ARA/CEN:PTJones:ccn
8/6/85 3385
WANG 64589C

Clearances: ARA/CEN:RDGodard/RHMelton
ARA:WGWalker
ARA/RPP:PPSarros
P:DCurran
T:RBoyce
E:SBrown

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EXHIBIT EA-28

EXHIBIT
EA-28

frequently that they were flying down the Pacific air corridors into southern Nicaragua for the purposes of resupply, but as to who was flying the flights and who was behind them, we do not know.

The Chairman. And you still don't?

[redacted] No.

Mr. George. No, sir.

[redacted] We know from the newspapers that a company called Corporate Air Services is the company that appears to have some involvement with them, but --

Mr. George. What we know at this point is as [redacted] says, is from the press.

The Chairman. Do you know if any foreign government is helping to supply the contras? There is a report in the [redacted]

Mr. George. No, sir, we have no intelligence of that.

Mr ~~Ambassador~~ Abrams. I can only speak on that question for the last fifteen months when I have been in this job, and that story about [redacted] to my knowledge is false. I personally cannot tell you about pre-1985, but in 1985-1986, when I have been around, no.

The Chairman. Is it also false with respect to other governments as well?

Mr ~~Ambassador~~ Abrams. Yes, it is also false.

The Chairman. Mr. Stump.

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Mr. Brown. The story says you are not directly involved.

Mr. George. I brought my copy and I think you all have a copy. If you read this carefully, it says, and this is absolutely untrue and it is on the front page of The New York Times.

Mr. Hyde. Surely nobody denies Senator Harkin, who says your fingerprints are all over this. No one would question Senator Harkin, would you? I would, but nobody knows.

The Chairman. We will begin another round.

Just to be clear, the United States Government has not done anything to facilitate the activities of these private groups, is that a fair statement? We have not furnished any money. We have not furnished any arms. We have not furnished any advice. We have not furnished logistics.

Mr. George. Mr. Chairman, I cannot speak for the entire United States Government.

The Chairman. Can you, Mr. Abrams?

~~Ambassador~~ Mr. Abrams. Yes, to the extent of my knowledge that I feel to be complete, other than the general public encouragement that we like this kind of activity.

The Chairman. Now, I guess a small point but I can't

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his name for years. But I do not know the man.

[redacted] Yes. I had contact with him in a previous incarnation, [redacted] and he wasinvolved in military assistance in Saudi Arabia, dealing with the AWACS. I have not seen him subsequent to 1983, I believe.

Senator Kerry: Were you involved in that transaction?

[redacted]

Senator Kerry: Are you aware, any of you, of any deal by which, as part of the AWACS transaction or subsequent to the AWACS transaction [redacted] is supplying weapons or assistance to the Contras on our behalf?

Mr.Abrams: No.

Mr. George: No.

[redacted] No, sir.

Mr. Abrams: I think I can say that while I have been Assistant Secretary, which is about 15 months, we have not received a dime from a foreign government, not a dime, from any foreign government.

Senator Kerry: "We" being who?

Mr. Abrams: The United States.

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Senator Kerry: How about the Contras?

Mr. Abrams: I don't know. But not that I am aware of and not through us.

The thing is I think I would know about it because if they went to a foreign government, a foreign government would want credit for helping the contras and they would come to us to say you want us to do this, do you, and I would know about that.

Senator Evans: Elliott, when you said "not a dime," I di not hear the rest of what you said.

Mr. Abrams: From any foreign government to the Contras. It would not be to us, it would be to the Contras.

I suspect that we would know about it, though.

Mr. George: Sir, I don't know anything there.

Senator Kerry: Elliott, do you know who [redacted] is?

Mr. Abrams: Never heard of him.

Mr. George: No, sir, I've never heard the name.

Senator Kerry: What about you?

[redacted] I have heard the name.

Senator Kerry: [redacted]

[redacted] I have heard the name.

Senator Kerry: In what context?

[redacted] They are people who were all involved in [redacted] at some point in time.

EXHIBIT EA-30

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UNITED STATES SENATE

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TRANSCRIPT OF PROCEEDINGS

BEFORE THE

SELECT COMMITTEE ON INTELLIGENCE

FULL COMMITTEE

BRIEFING ON NICARAGUA

Tuesday, November 25, 1986

1019

WASHINGTON, D.C. 20510

~~TOP SECRET/CODEWORD~~

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Partially Declassified/Released [illegible]
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by B. Reger, [illegible]

EXHIBIT
EA-30

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STATEMENT OF: **PAGE**

Elliott Abrams,
Assistant Secretary of State
for Inter-American Affairs,
--accompanied by--
[redacted]
Chief, Central American Task Force,
Central Intelligence Agency 3

ALSO ATTENDING:

James Michel, State
William Walker, State
Robert Kagan, State
Jim Dyer, State
[redacted] CIA
[redacted] CIA

- - -

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before January 1 or January 2?

THE CHAIRMAN: Well, I am only expecting -- I have no intent not to hold hearings like this with witnesses present. All I am saying to you is that I don't imagine that we could do it until on or about December 15, because that seems to be a suitable time to try to dredge up as much information as we can. Perhaps in that week we might have a hearing.

SENATOR BRADLEY: Mr. Chairman.

THE CHAIRMAN: Senator Bradley.

SENATOR BRADLEY: If I could just offer my opinion, I think it would be wise to have a hearing. I was not discouraged by the number of Senators who were here the other day and therefore not having enough time. I think we did get a lot of information or we clearly saw that there was no information forthcoming in specific areas. And I think it would be important, and the timing of this is I think we need a day or two with all of the relavant people here to go over as much of the information as we can get through in the alloted period That would be my preference.

THE CHAIRMAN: Okay. I will certainly take that into consideration.

SENATOR BRADLEY: I would like to turn my attention to both of you and I would like for both of you to answer the questions that I will ask just so we have the record clear.

Did either one of you have any knowledge or indication

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that the contras were receiving funds from Israeli or other Mid Eastern sources?

MR. ABRAMS: No.

[redacted] No.

SENATOR BRADLEY: Did either one of you ever discuss the problems of fund raising --

MR. ABRAMS: Let me add to that, Senator. I spoke to Dick Murphy, Assistant Secretary for Near Eastern Affairs, probably in the course of the summer, to ask him if he thought I could raise any money from Middle Eastern sources. He was rather discouraging as to whether we would be able to do it, and so we never tried.

SENATOR BRADELY: You spoke to --

MR. ABRAMS: We, the Department of State.

SENATOR BRADLEY: And Mr. Murphy is who?

MR. ABRAMS: Assistant Secretary for Near Eastern Affairs So it was clear to me from that conversation that -- it was wrong, but it was clear to me from that conversation that it had not ever happened and he didn't think it ever would happen and so we never tried it.

SENATOR BRADLEY: And other than your discussion --

THE CHAIRMAN: Bill, if you'll yield on that point, though, what were you doing soliciting -- according to that you solicit for humanitarian purposes.

MR. ABRAMS: Well, the question was, could we ever get

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anything from -- was there a Middle Eastern country that would be likely to help the contras. And his -- the conversation basically was --

THE CHAIRMAN: With humanitarian aid?

MR. ABRAMS: Yeah. And the conversation basically was, no, they don't even know where Central America is. They are not going to contribute. Don't, you know -- very discouraging. And so I dropped it.

THE CHAIRMAN: I'm sorry, Bill.

SENATOR BRADLEY: Now, you did not discuss with anyone else in the Executive Branch the possibility of receiving funds from the Israelis or any other Middle Eastern source?

MR. ABRAMS: That's correct. I never -- once I had that conversation with him, that was the end of it.

SENATOR BRADLEY: And you never had a discussion with anyone in the Executive Branch prior to having a discussion with him on it?

MR. ABRAMS: I had a discussion with the Secretary as to whether I could ask other Assistant Secretaries whether they thought there was anybody who was a likely giver, and he said, yeah, you can go ahead and ask. And I went ahead and asked. I knew that there was nobody in Latin America who was going to give. At least I thought I knew.

It seemed to me that the likely possibility was the Near East. Murphy said that that was not likely. So that was -- I

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mean, that was how that meant. I intervene because it isn't just that I didn't know of any contributions from the Middle East or Israel or Iran or -- it was that I think I had reason to think that there was none and wasn't going to be any and had never been any, because Murphy so indicated.

THE CHAIRMAN: Okay.

SENATOR BRADLEY: Did either one of you ever discuss the problems of fund raising by the contras with members of the NSC staff?

MR. ABRAMS: Well, yes. I mean, I think -- I can't remember a specific day, but certainly the question -- the fact, which now appears to be slightly mysterious, that they never had any money, we discussed -- you know, it came up all the time, because they were always running out of everything. So the question came up, sure.

SENATOR BRADLEY: Well, the problems of fund raising came up?

MR. ABRAMS: Not problems of fund raising; the problems of the lack of funds.

SENATOR BRADLEY: So let me ask it again. Did either one of you ever discuss the problems of fund raising by the contras with members of the NSC staff?

MR. ABRAMS: No, I can't remember.

SENATOR BRADLEY: Well, you would say gee, they got a lot of problems, they don't have any money. Then you would just

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sit there and say, what are we going to do? They don't have any money. You never said, you know, maybe we could get the money this way.

MR. ABRAMS: No. Other than the conversation I have -- other than the Middle Eastern thing which I recounted to you. We're not -- you know, we're not in the fund raising business.

SENATOR BRADLEY: Allen?

[redacted] Yes, the same answer, because the same -- the discussions that generally took place in the interagency group that I sit on, and it was done in the context of the interagency group; there were NSC members there. It was always the context of sort of the next crisis in funding. And I participated in the discussions in which, knowing something about the Middle East, we talked about the Middle East. We talked about [redacted] we talked about [redacted] we talked abou[redacted] we talked about [redacted], and [redacted] and I remember specifically saying, gee, I don't think you'll ever get cash from [redacted] [redacted] That's not part of their record. But that is the extent of the discussion.

SENATOR BRADLEY: You said this to John? You said this to John? Who is John?

[redacted] Well, it was in the context of the interagency group.

SENATOR BRADLEY: John Poindexter?

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[redacted] No, no. I said I saw it in the context of the interagency group. I didn't say John.

SENATOR BRADLEY: You didn't say John?

[redacted]: I didn't say John. I said, gee, I don't think that they give cash [redacted]

SENATOR BRADLEY: Oh.

[redacted] I mean, that was in the context -- but it was in the context of an interagency group knowing that we were prohibited from any involvement.

MR. ABRAMS: We weren't. I mean, that is one thing --

[redacted] I was.

MR. ABRAMS: We knew that though they were prohibited, State was not.

[redacted] But it didn't mean I couldn't talk to Elliott about that.

SENATOR EAGLETON: At any time was North a participant in that interagency group?

MR. ABRAMS: He was not a parti -- oh, in the interagency? Yeah. We have what was called a RIG, or restricted interagency group, which has -- not so restricted any more -- 15 or so people and he attended two-thirds of the meetings, roughly, half the meetings; something like that.

[redacted] Increasingly less --

SENATOR BRADLEY: But in these meetings with North and the other people, you did not discuss fund raising.

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MR. ABRAMS: Fund raising, no.

SENATOR BRADLEY: But what were you talking about when you said you don't think [redacted]

[redacted]: We were talking -- I was --

MR. ABRAMS: We were talking about whether it was possible to get any money out of the Middle East, and we all agreed that it wasn't.

[redacted]: Talking about what could be done in terms of solicitation that the State Department might do.

MR. ABRAMS: Once it was legal.

[redacted]: Once it was legal.

MR. ABRAMS: Once it was legal.

I asked the same question -- that was not at the inter-agency group; that was on a plane. But we had the same conversation. We going to get any money out of the Middle East -- which always seemed to me to be the place where all the money is -- and the answer was discouraging, and we have never tried. We, the State Department, have never approached them.

SENATOR BRADLEY: Did either one of you ever discuss with any Israeli, or agent of Israel, the issue of funding for the contras?

MR. ABRAMS: Never.

[redacted]: No.

MR. ABRAMS: Never.

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SENATOR BRADLEY: Were you completely ignorant of all fund raising activities by the contras?

MR. ABRAMS: No. Certainly not in the -- I knew for -- I mean -- I don't think I knew anything that wasn't -- I am trying to think if I knew anything that wasn't in the newspaper: That is, I knew certainly that Singlaub was raising money for the contras. I knew that others were raising money for the contras. I mean, using the contras in a very general sense. For example, Friends of the Americas raises money for medical relief and things like that. I knew that was happening. I didn't know what Singlaub was raising or how or what he did with it when he got it. I was, until today, fairly confident that there was no foreign government contributing to this. But I knew nothing, still don't know anything about the mechanisms by which money was transferred from private groups that have been raising it, to the contras.

SENATOR BRADLEY: [redacted]

[redacted] I had knowledge about -- about fund raising activities of the various resistance groups. For example, I knew the FDN was trying to mount a bond issue sale, and a local fund drive in the United States through various entities. I knew that Pastor's group at various times was trying to solicit money from [redacted] I knew that Alfredo Cesar in BOS was soliciting money from [redacted]

I knew that there -- as I testified at least in the HPSCI and

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THE CHAIRMAN: That he went out and cut a deal, that Secord and others were all involved in that, one way or another this little group -- and none of these people are strangers to you; you guys' know them all.

MR. ABRAMS: I have never met Secord and I do not --

THE CHAIRMAN: Well, you know who he is. I mean, you may not know him personally, but you know he plays a role. And that Ollie felt compelled to run the risks of setting up some kind of an arrangement like this in order to get money to those UNO bank accounts.

Now, you asked the appropriate question of yourself, Elliott, and that is, you know, maybe he and Callero are ripping this whole thing off. You know, maybe they have got a secret account someplace off in some offshore place where there is 10 or 12 or 20 million dollars.

But assuming Ollie is the patriot we all assume him to be, I am impressed by the fact that he felt compelled to run some rather high risks to move money into that operation. But during that period of time the two of you had some -- at various times in here you had some major responsibilities which Elliott, you are hinting part of which was you had to try to help find some money, too. You went and talked to Dick Murphy, maybe you talked to some other people.

What we are going to have to learn from you in the coming days and weeks as part of this overall investigation, is the

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degree to which you were -- how close you were to the UNO folks how confident you are that everything they told you was the truth, how much their needs were, where the money was coming from; rather than knowing in general, did you know in the specific where the money was coming from. Exactly what your role may have been, or people who worked for you, what their roles may have been. And that will naturally lead us to how some of the supplies got there. I mean, some of the Hasenfus questions and all the rest of that sort of thing. If you felt compelled to try to get the money and you felt compelled to try to keep some accounting of this process, then weren't you also much more aware than you have let on so far as to how supplies are being delivered and who Bill Cooper was and how he got lined up and all the rest of that sort of thing.

MR. ABRAMS: Well, Mr. Chairman, let me say, you don't need weeks to find that out. You can find that out in about five minutes of questioning now. Just before I pursue that, let me say that it does not enter my mind -- never did and doesn't now, that Ollie has engaged in stealing money. He is a patriot as you said, and he would never do a thing like that. I think what he did here showed unbelievable bad judgment, and I think the President said this morning that the structures which permitted this to happen don't work. That is, I think, very clear.

But -- and we have now, we need and we have -- you are

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creating new structures to govern the program which has now bee voted by Congress. We don't engage -- I mean the State Department's function in this has not been to raise money, other than to try to raise it from Congress. And we have testified before after the Hasenfus thing, that we -- and [redacted] did too, but he can speak for the Agency -- we knew where -- we knew that the money came into these banks. I knew it because you so testifie And then you knew it. And we did not know where the money was coming from in terms of which individuals were giving it.

Some of the things that I read in the newspaper and that were widely bruted about I knew to be false. I knew some thing about Ollie were false; I knew some things about Singlaub were false. We did not have a contact with these people, the Secord and people who -- I never knew that Secord had any involvement in this or even was alleged to until the Hasenfus thing came out, because we were not involved in any way in that end of the Central America situation. So I never heard of these guys, Hasenfus and Cooper and Sawyer, until that plane went down.

THE CHAIRMAN: [redacted]

Did anybody see a big infusion of money in August or September?

[redacted] Of this year.

THE CHAIRMAN: No, last year.

MR. ABRAMS: No, no; this was '86.

[redacted] '86.

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Exhibit EA-30A

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UNITED STATES SENATE

TRANSCRIPT OF PROCEEDINGS

BEFORE THE

SELECT COMMITTEE ON INTELLIGENCE

FULL COMMITTEE

TESTIMONY OF ELLIOTT ABRAMS

Monday, December 8, 1986

#1020

Partially Declassified/Released on 21 May 87

under provisions of E.O. 12356

by [illegible], National Security Council

WASHINGTON, D.C. 20510

TESTIMONY OF ELLIOTT ABRAMS

- - -

Monday, December 8, 1986

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United States Senate,
Select Committee on Intelligence
Washington, D. C.

The Select Committee met, pursuant to notice, at 2:40 o'clock p.m., in Room SH-219, Hart Senate Office Building, the Honorable Dave Durenberger, Chairman of the Committee, presiding.

Present: Senators Durenberger, Specter, Eagleton, Boren, Bradley and Warner.

Also Present: Bernard McMahon, Staff Director; Eric Nowsom, Minority Staff Director; and Keith Hall, John Elliff, Fred Ward and Kathleen McGhee, Staff Members.

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PROCEEDINGS

THE CHAIRMAN: Elliott, if you will raise your right hand. Do you swear to tell the truth, the whole truth, and nothing but the truth, so help you God?

MR. ABRAMS: I do.

THE CHAIRMAN: May I have your name for the record?

MR. ABRAMS: Elliott Abrams.

THE CHAIRMAN: And your position at the Department of State?

MR. ABRAMS: Assistant Secretary of State for Inter-American Affairs.

THE CHAIRMAN: It is the Committee's understanding that you have decided not to be accompanied by counsel in view of the Committee's decision not to permit State Department attorneys to represent Department witnesses. Is that correct?

MR. ABRAMS: Not exactly. I had no intention of having counsel with me in any event.

THE CHAIRMAN: That is appropriate.

Mr. Abrams, you have been invited to provide testimony to this Committee, under oath, concerning the extent of, and authorization for, U.S. intelligence activities in connection with the sale of arms to Iran and the use of the proceeds to support anti-Sandinista forces in Central America.

Have you received a copy of Senate Resolution 400, dated 1976, and the Committees Rules of Procedure?

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MR. ABRAMS: No.

THE CHAIRMAN: If not, you will be provided a copy of Senate Resolution 400.

MR. ABRAMS: If that is a procedural problem, I waive my rights to S. Res. 400.

THE CHAIRMAN: Well, somebody will provide you a copy.

Have you received a copy of the letter to the President sent by the Chairman and Vice Chairman of this Committee on November 28 which describes the focus and the objectives of the Committee's investigation?

MR. ABRAMS: I don't believe so. I received a copy of a letter I think to the Secretary asking for the production of documents and information.

MR. McMAHON: That is the letter.

THE CHAIRMAN: All right. That is the letter.

All right, at this point we will proceed to question the witness concerning his knowledge of events relevant to the investigation.

MR. McMAHON: I think the reason why you were asked to come today specifically, Mr. Abrams, has to do with the issue of solicitation of funds for support of the FDN from third countries, and I think that it may be in the interest of the membership to have some wider set of questions with respect to the operation as a whole, but I think that the particular point at issue now is that question of the details of this

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international campaign, funds campaign.

If you would explain to the Committee your knowledge of the details of that activity, would you proceed, please?

MR. ABRAMS: Well, let me start to say that in the spring, roughly June, of 1986, the $27 million which Congress had appropriated for humanitarian assistance to the contras was essentially gone. I visited some of the camps in roughly that period, I don't remember, May, June, something like that.

MR. McMAHON: '86?

MR. ABRAMS: '86. And it was clear that they weren't getting any more humanitarian assistance and they were broke. We had intelligence reports indicating that they were running into debt -- that is to say, they were buying food on credit. The doctor at the hospital told me that they were washing and reusing bandages. They couldn't get any more medicine. They didn't have any resources, or so it appeared.

It was my view that we had clear authority for the State Department to solicit from third countries humanitarian assistance, and also that it was the policy of the United States to help the democratic resistance, and I say the United States, not the President, because in fact Congress had appropriated money for this purpose.

MR. McMAHON: Would you back up? You said it was your reading that you had authority to do what?

MR. ABRAMS: To solicit humanitarian assistance from third

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countries.

It is the position of the legal adviser as I understand it that the December 1985 conference report which says that CIA and DOD can't solicit humanitarian assistance, but the State Department can, in fact did not add to or subtract from the ability of the State Department to do that, but that is something to take up with the legal adviser.

In any event, Congress had said that we did, or had said so in a conference report.

So I asked the Secretary, having informed him of the fact that they were really out of -- apparently out of all this which we call "humanitarian material," could we get some from third countries? And he said he thought that was a good idea.

And so I said, "Well, why don't I start by asking my colleagues in the Department"-- that's the other regional Assistant Secretaries -- "do they think there's anybody in their region who'd give?" I did not think there was anybody in the Latin American region who would give at that juncture.

So the first person I remember asking was Dick Murphy, Assistant Secretary for Near Eastern Affairs, and we went through the list of rich countries who might conceivably give. The Secretary had made it clear that he would not want to go to a country where it could be felt that we were kind of muscling them because they were big aid recipients or something. It would look like a kind of a kickback for foreign aid. And he

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didn't want to go to a country which was very unpopular. For example, I remember we talked about, as countries that might give, [redacted] and [redacted] and we thought those are bad countries to give, because if it ever comes out, it looks as if there's a link between right-wing dictatorships and the contras.

Anyway, I went -- Murphy and I talked about some of the rich countries in the Middle East, and as we went through the list he did not think that any of them would give. It was very clear to me from that discussion that he also did not believe that any of them had ever given. And we specifically mentioned, I guess [redacted]- oh, let me see if I can remember -- [redacted] I guess that was about it.

I then made the rounds with other Assistant Secretaries, and here I come into a problem. I am not authorized by the Secretary to reveal the name of the country which in fact did agree to give us some money. Therefore, I cannot do that. It is the Secretary's view that this was not, as I understand it, an intelligence activity, it was a confidential diplomatic exchange, in which we promised confidentiality to the other country, and we in the Department should not break that confidentiality. So I am not able to identify the country.

I realize that this may cause some annoyance to the Committee, and all I can really do is to say that, you know, you ought to discuss it with the Secretary or write him a letter or something like that.

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THE CHAIRMAN: It's not necessarily an annoyance. I mean, there's a report in all the media and all the newspapers in the country today about a particular country. You are not going to testify on the record about the falsity or the truth of --

MR. ABRAMS: Correct. I can't -- I am not authorized to confirm or deny that report.

THE CHAIRMAN: And do you know whether the Secretary at some point in time intends to make an acknowledgement of the fact?

MR. ABRAMS: I think he does not.

SENATOR BRADLEY: On what grounds?

MR. ABRAMS: On the grounds that we promised confidentiality to the country and that we should not break that vow.

SENATOR BRADLEY: So it is his choice? He is not offering legal grounds?

MR. ABRAMS: Well, again, I am sort of trying to put words in his mouth, but I think that's right, that he does not say that he is legally forbidden to confirm or deny it, but that it is his choice not to on the grounds that we promised confidentiality.

THE CHAIRMAN: All right.

MR. ABRAMS: Okay. Can I continue the narrative?

THE CHAIRMAN: Please.

MR. ABRAMS: Well, I picked out a country, and I went back to the Secretary and said, "Maybe we ought to try this country."

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And so we did. That is to say, what we did was, as best I can remember it, and there is some cable traffic on this, so it can be reconstructed exactly as to dates and so forth -- Judge Sofaer has all the material -- we started sending a few cables to the Ambassador, our Ambassador in that country, saying, "What do you think if we made a pitch? Would they be inclined to say yes?" So that went back and forth for a while. And finally it was agreed that a high-ranking official of that government and I would meet.

And we met as I recall on August 8. Again, I think that's right, but it's confirmable. My memory is that we met August 8, 1986. And I sort of took him through it. That is, I told him all about Central America as we saw it, and that Congress had appropriated $27 million, but it was gone. It was the case that the Senate approved $100 million on March 27, and the House approved $100 million on June 25, so I was able to tell him that both Houses of Congress had in fact approved this $100 million, but the parliamentary screwing around has led us to the view that we couldn't predict when it was going to finally get approved, though we were sure it would finally get approved.

SENATOR SPECTER: What was the parliamentary screwing around?

SENATOR WARNER: That was you.

SENATOR SPECTER: Was that parliamentary screwing around?

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MR. ABRAMS: With both Houses agreeing to --

MR. SPECTER: I just want to know what you said.

MR. ABRAMS: That is what I said.

MR. SPECTER: Okay.

MR. ABRAMS: We were confident that the $100 million would be approved prior to adjournment, which we thought would come in mid-October, because it was an election year, 1986.

So it was a kind of a bridge that we needed, we had run out of the $27 million and we needed more. And I did make it clear this was humanitarian aid, although it was very clear that they weren't going to give bulk cargo, that the easiest and most confidential thing to do was to give money.

[redacted] And the figure in question was $10 million; that was to say, that is what I requested, which I thought would be sufficient to bridge over at the rate of spending, which if I remember right -- let's see, $27 million for 9 months, $3 million a month, it would have carried us through to November, by which time we were confident in having the $100 million.

Now let me back up a minute and say that before this contact, I realized that it might be possible that the guy would say yes, and therefore that I needed to know what to do with the money should he say to me, "Fine, where do I send the

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money?"

I thought that this money should go into an UNO account, and I didn't really know how to set up a secret account -- still don't -- so I asked two people how this could be done. I asked [redacted] of the CIA how it could be done, and I asked Ollie North -- actually not how it could be done, I asked them if they could arrange it, as I recall the conversations.

Both of them said yes, they could arrange to open a new account for UNO, or that is to say, they could arrange to have UNO open an account. I don't actually remember the exact language.

Something like a week later they both came back to me and said, "Okay, there is a new account," or "There is an account." I don't remember the exact conversation, but I know that a week later I had account numbers from both of them.

MR. McMAHON: Excuse me. That is a very important issue. You can't remember whether they said it's an account or a new account or whether it was a responsibility that they both open an account?

MR. ABRAMS: Well, I can't remember. I can tell you this. I talked to [redacted] last week, [redacted] and his memory is that I asked for a new account, and in fact he opened a new account, which remains on the files of the CIA, the Abrams-connected account, and is and has always been empty.

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THE CHAIRMAN: Just a point of clarification. [redacted] [redacted] and Ollie North are two different people.

MR. ABRAMS: Correct.

THE CHAIRMAN: Did they come back with two different messages, and can you detail them to the best of your recollection, precisely what those messages were?

MR. ABRAMS: No, I must say I didn't have much of a recollection. [redacted] had a better one. I talked to him about it I think on Friday. He said that he got somebody from UNO -- that is to say, he served as a kind of messenger -- he said to somebody in UNO, "Hey, if you open up a new account, just let me have the number and I will give it to" -- I don't know whether he told him that he was giving it to me, but there might be some money coming available, and he would pass on the account number.

In any event they opened an account, an UNO account. I believe it was in [redacted] -- no, there's testimony -- his memory is a lot better than mine, but I believe it was in [redacted] He gave me an account number. I'm just trying to think of whether the dates are right. We'd better check that August date, but it is checkable, in any event, the date from my contact with the foreigner.

In any event --

MR. McMAHON: I'm sorry. Is it checkable because there are memorandums?

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MR. ABRAMS: It is checkable because I went to a foreign city to do it, and therefore my air ticket and my hotel bill are in the hands of Judge Sofaer.

Anyway, both of them gave me an index card with an account number on it, and if I remember right, the name of a bank.

Now, with respect to the account that Ollie gave me, I don't remember the account number, but I remember that it said "Credit Suisse." It had the name on it of a man, Mr. Jacob Steger, S-t-e-g-e-r, and it had on it the name of the branch, too, which Eaux Vives, E-a-u-x V-i-v-e-s. I remember that because as you will see the name was one we cabled out to the country in question.

I don't remember much about the one [redacted] gave me because -- all right, I then had two account numbers, so I went to Charlie Hill, who is the Executive Assistant to the Secretary. This was during a flight, I remember -- maybe this was August 8, I'll have to check -- but in any event, we were going to Bogota for the inauguration, and it was on that flight that I said to Charlie, "Now what do I do? I've got two account numbers. Which account should I give the guy?"

He and I talked about it, and agreed that I would give the account number that Ollie had given me. As Charlie and I talked about this, when everything burst with Ollie on that Tuesday and we all found out about the Iran-contra connection, as I remember it -- Charlie and I tried to reconstruct that

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conversation on that flight, and as he and I both remembered it, there was a little bit, I would have to say, of turf-fighting. That is, we didn't want to get the Agency in the middle of this. I'd like to say I think it was because we were worried about whether the Agency had the authority to be in the middle of it. I think in my mind it was more the question of Why should we work with the Agency? We're always trying to build power at the State Department as opposed to the power of the Agency in this respect, not build the power of the Agency.

Anyway, so I gave the guy, I handed the guy, the foreigner, the account number that I had been -- let me clarify that. I gave him the account number, the name, and branch of the bank, and the name of the man in question, which had been given to me by Ollie. I did not give him, so far as I am aware, the actual index card or whatever it was that Ollie gave me. I think I wrote it down and handed it to him. That is my memory of it. Because when I came back from that trip I gave that index card, as I recall, to Nick Platt, who is the Executive Secretary of the Department of State, and he put it in his safe, which is where we found it when everything came to light what, slightly -- well, 2 weeks ago, roughly.

So nothing ever happened again. I guess I just threw away -- that is to say, burned -- the card that [redacted] had given me, and nothing ever happened with that account, and it remains -- I think it's in [redacted] -- empty.

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Now, with respect to the other account, I had no response from the foreigners in question when I talked to them. They took the account number. At some point later -- I didn't bring the dates with me again, because I don't have all of the -- all of the cable traffic which was, I think, in Nick Platt's control was handed over immediately to Judge Sofaer, and all of this has been reported to the FBI, which is looking into it.

Tuesday was the day Meese spoke, and I think Charlie and Nick and I -- well, I don't remember what day that week we spoke and turned stuff over to Judge Sofaer, but it was a couple of days later. At a later date, and I think it was October or September -- we will provide this for you -- we received a cable from the embassy in this country saying they say yes, they say that they're going to do it, they're going to give you the $10 million, and they will deposit it in the account number which they were given.

A few weeks after -- sometime after that, I can't really say exactly how many days after that, but sometime after that, a week, 2 weeks -- I called Ollie and said, "Can you find out whether the money was transferred into that account?" And he said yes, he could, and called me back, I don't know, a day later or something like that and said, "No, it hasn't."

So we waited a little bit. Then we sent a cable to the country in question saying, "Could you check and ask them" --

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to the Ambassador --"Could you check and ask them whether they have indeed made the transfer?"

We got a cable back from the Ambassador saying yes, he checked, and they say that they made the transfer, but these things take time. Don't worry about the fact that it has been some weeks since we -- they, that is, the foreign government -- made the transfer. It takes time to transfer money in this way, they have done it before, relax.

Well, more weeks went by. I checked another time -- my memory is it would have been about the beginning of November -- called Ollie and said, "Can you check and see whether money has been put in that account?"

He said he would check,and called me back probably the next day and said, "No, no money has been deposited in that account."

At that point I penned out a cable, which is also in the possession of Judge Sofaer, to the Ambassador saying, "Hey, go back in again and tell them what is going on. Where is the money? Maybe the money was stolen." I think I used the word "embezzled." And I said to the Ambassador, "Tell them we gave them the name of this guy at Credit Suisse, Mr. Steger. They have had that name. Could they put their banker -- we don't need to know who their banker is -- could they have their banker get in touch with Steger and let them kind of trace the money? I mean, what happened to the money? This would have

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been about a week before whatever the day it was that Meese made his announcement.

That cable was never sent, because it was, you know, going through clearance and so forth. It is in cable form, but actually the cable was never sent. That is, it is typed up, but Platt never sent it.

Now, since then, Meese made his announcement, and it did occur to us that first of all we had an Ollie North connection here that we needed to report, which we -- that is to say, Hill and Platt and I -- reported to Judge Sofaer, who then reported it to the FBI. And also, of course, the question of the account, and where's the money?

So we sent a cable -- at this point, you're getting really secondhand evidence, because Sofaer is now in charge of this, since the Meese announcement -- but as I understand it we sent a cable to Switzerland asking them to freeze that account. I don't believe there is any money in it, so I don't know -- I mean, I can't enlighten you as to what the FBI has done or not done at this point, but I know that either Justice or we have been in touch with Swiss authorities about trying to freeze that account, because, as I say -- oh, I am sorry. Sofaer and I talked to the FBI and they immediately said, "Can you give us the account number?" And I said, "Well, I gave it to Nick Platt, and it was in his safe at one time; let's go check."

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And Nick checked and said sure enough, the card was there. So we gave that to the FBI, and they are now pursuing it with the Swiss.

Let me see -- that's it. I might say that until -- well, to this day, but certainly until -- until the day that Meese made his announcement it was my distinct impression that we'd never actually received any money from a foreign government. Although we had had a foreign government commit to give us the money, it didn't appear to have been accomplished.

THE CHAIRMAN: Bern?

MR. McMAHON: Let me ask you your understanding of the law as it applies to this solicitation activity and the obligation for knowledge of the ultimate expenditure of the funds and the purpose for the ultimate expenditure of the funds. If you assume -- you don't know whether the money got there or not?

MR. ABRAMS: Well, it was my understanding again as of the day that Meese made his announcement that the money had not gotten there. That was based on having Ollie check for me. I called him and I asked him. He said --

MR. McMAHON: Do you know that Ollie was being truthful when he told you the money had not arrived?

MR. ABRAMS: I have --

MR. McMAHON: You have no independent means of establishing whether the money got there or not?

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MR. ABRAMS: I have no independent means. That is correct.

MR. McMAHON: So from your knowledge the money could have arrived and could have been expended?

MR. ABRAMS: From my knowledge. That's correct.

MR. McMAHON: What mechanism or what is your understanding of the law as it relates to expenditure of funds solicited from third countries, in accordance with what rules apply to utilization of that money for humanitarian purposes or other purposes?

MR. ABRAMS: My understanding is that, I think it was the Appropriation -- the Intel authorization bill of 1985 stated that the State Department could solicit, although, as I say, Judge Sofaer believes that we could solicit even without that authorization.

Humanitarian assistance. I think that a narrow reading of the law would be that we could solicit humanitarian assistance and if people decided to give guns, that was none of our business, but that was not the way we were interpreting it. And [redacted] -- as I say, my memory on this is not as good as his [redacted] remembers in our discussion the question came up of how we would ascertain that the money, if money it was, would be spent on humanitarian goods only. And he remembers--and he'll be the better witness of this -- but he told me he remembers that we agreed that we would get reports

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from UNO as to what they were spending the money for. This was going to be a separate account, so it shouldn't have been that hard to account for what the money from that account was being obligated for. So we were going to make an effort to be sure that the money was expended on humanitarian goods only, although such a system had not actually been set up, because as far as I knew, the money had never come through.

MR. McMAHON: So as far as you know, though, the money never came through, but you don't know whether it did or not?

MR. ABRAMS: I have always worried that it did not come through.

MR. McMAHON: But you don't know for a fact that it didn't come through.

MR. ABRAMS: Right.

MR. McMAHON: You have conflicting testimony. The contributor said he kicked in, and North says he never got the money, so that there's $10 million somewhere.

MR. ABRAMS: That's correct.

MR. McMAHON: So do you know how -- have any way of independent determination subsequent to your solicitation of these funds under the law whether in fact, based on your solicitation, money was ever spent on paramilitary or military support to the FDN? Do you have any independent knowledge of whether or not the money you solicited was in fact ever spent for that purpose?

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MR. ABRAMS: I don't, but the FBI may. That is, they may have been able to track down account numbers. Somebody -- I think it was Sofaer who told me that the account -- there was an account number printed in the Washington Post which was said to be the account of the U.S. and Iranian -- sorry, U.S. -- yes, and [redacted] which was the same number with two numbers transposed. Now that may be an error in printing or something or it may have been the same account. It may not be the same account. So the FBI may in fact know whether any money came in or whether it is still there or what.

MR. McMAHON: So what obligation do you think you have or had at any time under the law as you interpret it for determining what that money was used for? You don't know what is your obligation now, today, to determine --

MR. ABRAMS: My obligation then was to -- my legal obligation ceased, in my view, but my moral obligation and my obligation to the committees did not cease, and it was our intention --

MR. McMAHON: When did your legal obligation cease, and what was that legal obligation that ceased?

MR. ABRAMS: Well, I guess Judge Sofaer might dispute this, but we were expressly authorized to solicit humanitarian contributions. I expressly solicited humanitarian assistance or money to be spent on humanitarian assistance, and again, I think my legal obligation ceased when I solicited humanitarian

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aid, but not the moral obligation. And so we were going to try to ensure that the money was in fact not spent on anything but humanitarian goods.

Now, remember, as far as I knew, the money had never come through.

MR. McMAHON: I understand that, but you don't know one way or another.

MR. ABRAMS: That's correct, but I had absolutely no reason to believe, and to this day I do not believe, that Ollie would have lied to me.

MR. McMAHON: I don't question that, it's just a question of your obligation for knowledge of how the money was spent, and as I understand what you said is that in your view your legal obligation ceased at the point where you had requested that money be provided for humanitarian aid, and you had no further obligation --

MR. ABRAMS. Legal obligation.

MR. McMAHON. -- legal obligation to determine in fact that that was spent for that purpose.

MR. ABRAMS. Correct, although we intended to do so from the very inception.

MR. McMAHON. What is your analysis of the same law as it applies to the activities of the Central Intelligence Agency with respect to solicitation of funds for any purpose, directly or indirectly?

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MR. ABRAMS: Well, at the time --

MR. McMAHON: What is your definition and your concept of "directly or indirectly"?

MR. ABRAMS: At the time, which is to say this summer of '86, prior to the passage of the legislation appropriating $100 million, the conference report stated that CIA and DOD should not solicit. I don't know whether -- yeah, I know that you can question whether that is legally binding, but we considered it binding. That is to say, we considered that the CIA and DOD could not solicit from third countries -- only we could.

MR. McMAHON: But in your view the CIA was legally -- was allowed under that law to assist you in the process of obtaining that money and distributing that money through the support and establishing a bank account?

MR. ABRAMS: They didn't establish the account. They passed a message to somebody from UNO to go establish an account, and since they were in much better [redacted] communications with the contras than I was -- as was Ollie -- those were the sensible ways of sending the message, "Please open an account."

MR. McMAHON: Let me read section 105 for the record. Section 105 does not permit the Departments, Agencies, and entities described therein to engage in the solicitation of third countries to provide funds, material, or other assistance

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to the Nicaraguan democratic resistance to support military or paramilitary activities. It does not restrict the solicitation by the Department of State through diplomatic channels of third-country humanitarian assistance of the same kind that the Nicaraguan Humanitarian Assistance Office is authorized to provide to the democratic resistance so long as such third-country assistance is furnished from third country's own resources and the United States does not enter into any arrangement conditioning expressly or implied that the provision of U.S. assistance to the third country on the provision of assistance by such third country to the Nicaraguan democratic resistance.

MR. ABRAMS: Let me say clearly I think we were miles within those parameters and absolutely in compliance with the letter and spirit of the law.

MR. McMAHON: Do you consider the National Security Council to be a Department, Agency, or entity of the United States Government? National Security Council?

MR. ABRAMS: Sure.

MR. McMAHON: Do you think therefore that the opening section of 105, which does not permit Departments, Agencies, and entities therein to engage in solicitation to provide funds, equally applies to the National Security Council?

MR. ABRAMS: I would say so. I would repeat again that the function being performed for me and for the Department, if

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you will, by Ollie and [redacted] was to pass a message to somebody to open an account. And at least in the case of [redacted], that is precisely what happened.

SENATOR BRADLEY: He did what?

MR. ABRAMS: He passed a message to an official of UNO to go open an account.

SENATOR BRADLEY: Did he give him a number?

MR. ABRAMS: The UNO guy went and opened an account.

SENATOR BRADLEY: Did [redacted] give him a number?

MR. ABRAMS: No. The UNO official opened the account, got the number, and passed it to me through [redacted]

MR. McMAHON: Let me ask you what your view is of the obligation to report this activity to Congress.

MR. ABRAMS: It was our impression at the Department -- and I repeat again that this from start to finish was known to the Secretary and Mr. Platt and Mr. Hill and a couple of other people on the seventh floor -- it was the impression of all of us that we were not obliged to report it to Congress. It was a diplomatic activity; it was not an intelligence activity. And we had no obligation to report it.

MR. McMAHON: What is your obligation to deny the information to Congress when so requested for such information?

MR. ABRAMS: Well, it's the Secretary's view -- I might say I share it but it is more important that it is his view -- that when we promise a foreign leader confidentiality, we ought

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to try to keep the promise.

SENATOR EAGLETON: That wasn't the question.

MR. ABRAMS: Do I -- well, what was the question? Repeat it, please.

SENATOR EAGLETON: Whether would you lie to us, not about the name of the country, but whether you would lie to us about the endeavor at all, as you did on November 25.

MR. ABRAMS: Well, I resent the remark, Senator. I have never lied to this committee.

SENATOR EAGLETON: Well, it wasn't perjury, because you weren't under oath.

MR. ABRAMS: What was the lie in question?

SENATOR EAGLETON: We'll get to that. Bernie's question didn't go to the name of the country, it was whether you refused to divulge to us in effect that this endeavor ever took place.

SENATOR SPECTER: Well, why don't you make available to Mr. Abrams the specific testimony.

MR. McMAHON: Could you look at page 14?

SENATOR EAGLETON: Page 18.

MR. ABRAMS: Well, before I look at page 14, let me say that Senator Bradley asked me at that hearing -- that was a Tuesday, if I recall -- whether I had ever participated in any discussion involving Israel, Iran, [redacted] and I told him about the conversation with Assistant Secretary Murphy.

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MR. McMAHON: I think we better look at page 14.

SENATOR BRADLEY: Why don't we just go through from page 11, just replay it.

Question: Did either one of you have any knowledge or indication that the contras were receiving funds from Israeli or other --

MR. ABRAMS: Where are we?

SENATOR BRADLEY: Top of page 12.

MR. ABRAMS: No.

SENATOR BRADLEY: Israeli or other Mideast sources?

MR. ABRAMS: Correct, Senator.

SENATOR BRADLEY: Okay. Abrams: No. [redacted] No.

Next question: Did either one of you ever discuss the problems of fundraising? The last sentence of the next paragraph. It's rather discouraging as to whether we would be able to do it, and so we never tried, never tried to raise money from Mideastern sources.

MR. ABRAMS: If you think that Brunei is a Mideastern source, that may be our disagreement.

SENATOR BRADLEY: Keep going.

MR. ABRAMS: Okay.

SENATOR BRADLEY: Abrams: Very discouraging -- on top of page 13 -- with humanitarian aid.

The Chairman: Don't you know?

Very discouraging, and so I dropped it.

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MR. ABRAMS: Right.

SENATOR BRADLEY: Okay?

Next question: Now, you didn't discuss with anyone in the executive branch the possibility of receiving funds from the Israelis or any other Middle Eastern source?

That's correct. I never once -- I had that conversation with him. That was the end of it.

Page 14: I intervened because it isn't just that I didn't know of any contributions from the Middle East or Israel or Iran or it was that I think I had reason to think that there was none and wasn't going to be any and had never been any because Murphy so indicated. Okay?

Now --

SENATOR EAGLETON: Still on page 14.

Senator Bradley: So let me ask it again. Did either one of you ever discuss the problems of fundraising by the contras with members of the NSC staff?

Abrams: No, I can't remember.

And today it's Ollie, Ollie, Ollie, Ollie, your buddy.

If you were under oath, Elliott, you were guilty of perjury.

MR. ABRAMS: Senator, I say again I resent that.

SENATOR EAGLETON: You ought to resent it.

MR. ABRAMS: Senator Bradley asked me about this Iran-contra scandal, about which I knew nothing, and I stated 15

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times in here that I and nobody else knew a damned thing about it.

SENATOR EAGLETON: Look at the bottom of page 14: Has either one of you and [redacted] whatever his name is, discussed the problem of fundraising by the contras with members of the NSC staff? No, I can't remember.

You comment here that you were in total amazement on November 25. You just came here with clean hands. You didn't know anything, nobody knew nothin', you were as surprised as anybody about what was going on, and your sticky hands were in it all the time.

MR. ABRAMS: Senator, after that hearing, I said to the Secretary -- actually, I guess --

SENATOR EAGLETON: I better come clean with those guys, Mr. Secretary.

MR. ABRAMS: I said -- well, I didn't say it to the Secretary, I said it to Platt and Hill. I said, "What are we going to do about the contribution we received from another country? That is, Senator Bradley asked me about the Middle East. He was trying to find out -- "

SENATOR EAGLETON: Page 14 doesn't say anything about the Middle East.

THE CHAIRMAN: He is characterizing his conversation now.

SENATOR EAGLETON: But when he got back home and started to sweat and said, you know, "I lied to those guys. What do I

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do to clean that up?"

MR. ABRAMS: It was my view --

SENATOR EAGLETON: Page 18: Were you completely ignorant of all fundraising activities by the contras? Let's see if you gave us any of this answer on page 18, the story that you're giving us today. Were you completely ignorant of all fundraising activities by the contras? And then you give us a lot of Singlaub, Friends of America --

MR. ABRAMS: Well, I think it was obvious that this entire discussion was a discussion -- it was to me -- it was not I, frankly, who wanted to raise the issue of a third-country contribution. I felt I had been --

SENATOR EAGLETON: Our questions did. Bradley's questions raised --

MR. ABRAMS: I'm sorry, Senator, I don't agree with that. I think Senator Bradley wanted to know what I knew about Iran, and I told him what I knew about Iran, and that was not a damn thing.

SENATOR EAGLETON: Why did you tell us all about Singlaub and Friends of America. He didn't ask about Singlaub. He didn't ask about Friends of America.

MR. ABRAMS: Let me finish, let me finish.

SENATOR EAGLETON: I'm through.

THE CHAIRMAN: Let's let him respond to the question.

SENATOR BRADLEY: There's one more question and answer

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that needs to be on the record before he responds. That is the page 18: Were you completely ignorant of all fundraising activites by the contras? You say no, Friends of America, I knew that was happening. I didn't know what Singlaub was doing or how or what he did and with whom he got it. I was until today fairly confident that there was no foreign government contributing to this.

MR. ABRAMS: Yeah, we'd never received a dime.

SENATOR BRADLEY: Wait, no foreign government contributing to this. Now, Elliott, that doesn't say no foreign government in the Middle East or South America or -- its no foreign government contributing to this. Those are your words.

MR. ABRAMS: As far as I was aware, Senator, we had never received a cent.

Now if I can finish my answer --

THE CHAIRMAN: Why don't you go back to the answer relative to what happened when you left here?

MR. ABRAMS: Well, I went back and described this testimony I guess to Hill and Platt, and we were trying to decide whether we should in fact call Senator Bradley and I guess you and Senator Leahy and say, "You didn't ask about this, but we have been trying to get money from another government. Haven't succeeded, but we have been trying." And I didn't speak to the Secretary about it, but I guess it was Nick Platt who asked the Secretary, and he said, "Yeah, you probably

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should."

THE CHAIRMAN: Who is Nick Platt?

MR. ABRAMS: Nick Platt is Executive Secretary of the Department. "Yeah, you probably should." It was at that point that I reached -- I guess it was Friday -- I reached a member of the Senator's staff prior to any --

SENATOR SPECTER: What Senator's staff?

MR. ABRAMS: I'm sorry, Senator Bradley's staff.

SENATOR BRADLEY: Wait a minute. As I recall, you reported that you had neglected to mention your role in facilitating one unidentified foreign government's expressed interest in contributing funds to the contras.

MR. ABRAMS: What Friday was this?

SENATOR SPECTER: What Friday was that?

MR. ABRAMS: That was November 28. No?

THE CHAIRMAN: Was it the Friday following your testimony?

MR. ABRAMS: No, no, no, it was after that. We thought about it.

SENATOR BRADLEY: You called last Friday.

MR. ABRAMS: It's -- it did not seem to us that it was within the questioning, did not seem to me, and as I explained the questioning, that it was within the scope of the questioning, which I took to be essentially about Iran or other Middle Eastern nations with which we may have been in contact. But Nick felt, and then the Secretary felt, "Well, it isn't within

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the scope, maybe, but it's probably something worth talking about." Which is the point at which I called, and then I think John Despres said that I think he said he would be getting back to you.

THE CHAIRMAN: "You" meaning Bernie McMahon?

MR. ABRAMS: Meaning Bernie McMahon.

We viewed this -- we were not -- I was not going to talk about this in a session of the committee at that point, because we viewed it as so sensitive that we thought -- I felt I owed it to you because you had raised the questions about the Middle East. We thought we would give it to the Chairman and the ranking member and see what they wanted to do with it.

THE CHAIRMAN: May I interrupt at that point, Elliott?

Did you discuss prior -- see, that -- the Meese press conference began shortly after noon on Tuesday the 25th and concluded approximately 1 o'clock. Our meeting was at 4 p.m., as I recall.

MR. ABRAMS: Right.

THE CHAIRMAN: I came in late. Tom started the meeting shortly after 4:00 with you and [redacted] and then other people, the usual number of lackeys in the background or whatever. Had you between 12 or 1 o'clock and the time you appeared here discussed Country X and the solicitation with anyone?

MR. ABRAMS: It came after the hearing. If I can go back

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to page 18 for a minute, the solicitation of a $10 million donation by me with the approval of the Secretary from a third government is not in my view in any event a fundraising activity by the contras; it is a fundraising activity by the U.S. Government, by the Department of State.

THE CHAIRMAN: Well, regardless of that --

MR. ABRAMS: Anyway, the answer to your question is no.

THE CHAIRMAN: You had not discussed that?

MR. ABRAMS: I didn't discuss it with anybody. I came up here and testified and then afterwards, I guess it was in giving the readout to Nick and I think one or two of the other Deputy Executive Secretaries that -- well, that probably isn't right because too much time passed, and I'm not sure of the sequence. But in any event at a certain point I said to Nick, "Well, why don't you ask the Secretary if he wants me to discuss it with the Committee, and if he does, should I name the country?"

And so the word I got back through Nick Platt was he thinks -- I think it was that he said sort of, "In the end it's your decision, but he thinks you probably should call."

THE CHAIRMAN: And that came back to you approximately what date then?

MR. ABRAMS: Well, it was the day I called, so it was this past Friday.

THE CHAIRMAN: Was that November 28, or was that December

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SENATOR BRADLEY: December 5.

MR. ABRAMS: December 5.

THE CHAIRMAN: And at that time had anyone discussed with the Secretary whether or not to reveal the identity of the country?

MR. ABRAMS: My memory is that yes, that all along it was clear to us that we were not going to reveal the identity of the country.

THE CHAIRMAN: You said the Secretary said it was up to you to decide?

MR. ABRAMS: No, that was to decide whether to reveal the incident at all to the Committee. Again, I don't -- you know, we did not from the beginning do this as a reportable act, and the reason that the Secretary, I think, felt that I should call was because you had asked about Middle East contributions.

SENATOR BRADLEY: Now, wait, I hadn't just asked about Middle East contributions. This is not what the record says, Elliott.

MR. ABRAMS: Well, I'm sorry, Senator, that was the meaning of the questions that I recall being asked.

SENATOR BRADLEY: Could I just go through this once more? So let me ask again: Did either one of you ever discuss the problems of fundraising by the contras with members of the NSC staff? No, I can't remember.

MR. ABRAMS: This was not fundraising by the contras; it

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was fundraising by me.

SENATOR BRADLEY: Okay, good, well that just leads into the next point. Then you give an answer: No, I can't remember. Well, then I say: Then you would just sit there and say, "What are we going to do? They don't have any money." You never said, you know, "Maybe we can get the money this way?" No. And then the end of that sentence: We're not in the fundraising business.

And you just have asserted before the committee that you are in the fundraising business, that it was a secret diplomatic fundraising effort. You just say: We're not in the fundraising business. And then to get away from the Middle East altogether: Were you completely ignorant of all fundraising activities by the contras?

MR. ABRAMS: By the contras. This was not an activity by the contras.

THE CHAIRMAN: Bill, if you will yield to me.

Elliott, what I would like to do to make sure this keeps rolling along and gives everybody the chance to ask questions, but I would also like to give you the opportunity to clarify whether your testimony then and your testimony today is in the nature of the investigation that is being conducted into the Iran transfer and the contra transfer or whether it is part of your larger responsibilities for conduct of the operations in Nicaragua. The important distinction obviously is that during

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the biweekly periods that you and [redacted] were coming here and asked about what is going on and respond to questions and keep us up to date on what's going on with regard to Nicaragua, it seems to me that all the members of this committee would be entitled to all the information you had, and they wouldn't have to ask you very precise questions to get it.

However, if you considered either your appearance on the 25th in this particular section of your appearance or today's appearance to be putting you on the spot with regard to Iran and Nicaragua, then I can understand why you have such a very, very narrow interpretation of every one of these questions.

Am I making myself clear, that normally you wouldn't be so narrow? You wouldn't say, "Well, you didn't say the Pacific, or whatever we call it, you just said Middle East." You would have been more responsive in your normal capacity, would you not?

In any event, why are you doing it here today? Would you respond to the same questions today the same way?

MR. ABRAMS: At that time I had no authorization to discuss with the Committee anything at all about this solicitation, which was treated as supersensitive on the part of the Department of State.

Now what was I going to do, frankly, that was on my mind, if Senator Bradley said what I frankly anticipated as the next question, which was: "Have you ever asked any government other

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than Israel, [redacted] and Iran for money?"

SENATOR BRADLEY: You answered it; you volunteered it.

MR. ABRAMS: Well, I didn't think I was asked it, and I didn't think I answered it.

SENATOR BRADLEY: Wait, wait, but why would I ask it if you have said -- and here's the sentence: I was until today -- this is 2 or 3 hours after Meese's revelation -- fairly confident that there was no foreign government contributing to this.

MR. ABRAMS: That's right.

SENATOR BRADLEY: This doesn't mean Israel or a Middle Eastern country. You said no foreign government.

MR. ABRAMS: We had run this operation, insofar as the $27 million were concerned, we had made one effort to get money which we had not received a dime of, as far as I knew. That was the fact.

SENATOR EAGLETON: Page 15: We're not, you know, we're not in the fundraising business. No one intimidated that out of you. That was your answer.

MR. ABRAMS: Senator, I can always say to you that I am --

SENATOR EAGLETON: You're not in the fundraising business. Today I asked were you at any time in the fundraising business.

MR. ABRAMS: We made one solicitation to a foreign government.

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SENATOR EAGLETON: Were you then in the fundraising business?

MR. ABRAMS: I would say we were in the fundraising business. I take your point.

SENATOR EAGLETON: Take my point? Under oath, my friend, that's perjury. Had you been under oath, that's perjury.

MR. ABRAMS: Well, I don't agree with that.

SENATOR EAGLETON: That's slammer time.

MR. ABRAMS: I don't agree with that, Senator.

SENATOR EAGLETON: Oh, Elliott, you're too damn smart not to know --

MR. ABRAMS: I think that the --

SENATOR EAGLETON: We're not in the fundraising business. You were in the fundraising business, you and Ollie. You were opening accounts, you had account cards, you had two accounts and didn't know which account they were going to put it into.

MR. ABRAMS: You've heard my testimony.

SENATOR EAGLETON: I've heard it, and I want to puke.

MR. ABRAMS: Well, I would state again, Senator, that if you can find anything that the Department of State did here that is a violation of the letter or the spirit of the law in soliciting these funds --

SENATOR EAGLETON: The letter and the spirit of your brain and your honesty and forthrightness with this committee.

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You did not tell us the truth. You did not respond to Bradley's questions. You lied to us.

MR. ABRAMS: I just can reject that, Senator, and say that had Senator Bradley asked the direct question, I was going to respond that I needed to talk to the Secretary before I can respond to that question.

In any event --

SENATOR BRADLEY: You volunteered to answer it, though, Elliott.

MR. ABRAMS: Well, Senator, I left here with the view that I had flatly denied any involvement in any Middle Eastern or any knowledge of any Middle Eastern activity --

SENATOR BRADLEY: You had done that.

MR. ABRAMS: -- but that I had not been forthcoming on the question of this one solicitation. And it was the view of the Department that we should then come back and say, "Well, there is one thing you need to know about."

SENATOR BRADLEY: Well, but it is frequently, and I, you know, give you the benefit of the doubt in saying that you had kind of a certain ambivalence that you wanted to answer the questions and yet you had this other pull on your loyalty, and inadvertently you answered the question that you feared would be asked when you said: I was until today fairly confident there was no foreign government contributing to this.

No Liechtenstein or oil kingdom in Asia or this or that or

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the other thing. No foreign government.

THE CHAIRMAN: Bernie, I take it you have some further questions, and I just want to characterize this as, you know, with a couple of --

MR. ABRAMS: Let me just say one more thing, which is that it was the view of the Department that the answer, that the failure to say anything about the initial solicitation would lead you to believe that there had never been one, and that that was the reason for coming back.

SENATOR BOREN: Elliott, now let's go back to that point, because I assume that you want to be truthful, and you have been very defensive about what you've been saying here in terms of the way I read this. In all honesty I have to say that I tend to agree with what Senator Eagleton has said, that had this been under oath, whether you think Senator Bradley asked you the question or not, Senator Bradley did ask the question, and you did answer it.

He asked a question that you dreaded to have answered -- that you dreaded to have asked -- and you answered it, instead of saying that the Secretary -- you felt that you could not go into this matter further without authorization from the Secretary.

Now you said that the Department reached the conclusion that you had not been -- that there had not -- the answer was not totally forthcoming, and that the Department decided that

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the wrong impression might have been created.

Let me ask you the question personally: Did you personally -- and you get put in these situations, you feel very, very defensive about it. I think you should admit your personal feeling about this. Did you personally, on leaving this committee, have mixed feelings about whether or not you had created the wrong impression to the Committee and to Senator Bradley? Did you personally have misgivings about it?

MR. ABRAMS: Certainly. Which is why I raised it with Mr. Platt and Mr. Hill.

SENATOR BOREN: You personally had misgivings?

MR. ABRAMS: Because I knew there had been a solicitation to another country.

SENATOR BOREN: And knowing that, you personally raised the question yourself: "Am I at liberty to divulge this?" And the answer you got back was --

MR. ABRAMS: After a few days of kicking it around, the answer I got back was: "If you think you should, do it." Which is when I called.

SENATOR BOREN: All right. In retrospect, do you think that you made a mistake, reading back over this transcript today and looking at what -- the way Senator Bradley asked the question, you left here knowing that -- you certainly had a strong feeling that you may have given the wrong impression to the Committee. You felt that responsibility within yourself

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and you probably felt not very good when you left the Committee, but in a bad situation.

In retrospect, do you feel it would have been more appropriate for you to have answered Senator Bradley by saying, "Senator Bradley, if you want to pursue this matter further, there is certain authorization that I must receive from the Secretary of State to go into this matter in greater detail, and I'd be happy to seek to determine if I can get that authorization"?

In retrospect, do you feel that would have been a better way, better serving yourself, the Department, the policy, and the Committee, to have responded to Senator Bradley?

MR. ABRAMS: Absolutely. I must say that I left here thinking and reported to others in the Department that the impression with which you were left was fairly neutral.

SENATOR BRADLEY: Neutral?

MR. ABRAMS: Reading this testimony I do not feel it was neutral; I feel it was negative.

SENATOR BOREN: Well, my advice to you is, you know, we're going to all be working together on these policies and other policies, and I think that it is always a mistake when an incorrect impression is left.

MR. ABRAMS: Sure.

SENATOR BOREN: And I would find it more helpful to you and to others concerned if you would not defend your feelings

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and that your would not defend your current actions by splitting hairs as to the meaning of words. I hear you saying that you wish you had handled this testimony differently the first time around.

MR. ABRAMS: Sure. I wish that I had left an impression that was flat-out neutral, which was my intention.

SENATOR BRADLEY: What does that mean?

MR. ABRAMS: That means it was my -- as I read this, the impression that it leaves you with is that there could not have been another solicitation. I mean to leave you with absolutely no impression about that. I thought you didn't ask, and I wasn't answering whether there had ever been an additional solicitation.

I was hoping to escape the question, and felt I had, and that alone was what I brought back to the Department, and people said, "Well, if it's neutral, we have a problem."

SENATOR BOREN: Shouldn't you have gone -- shouldn't you have felt that you should be more than neutral? Wouldn't it have been more --

MR. ABRAMS: That's why I asked.

SENATOR BOREN: -- informative to the Committee to have said, "If you want to pursue this matter beyond the specific question I have answered, as to specific countries I must go to the Secretary"?

MR. ABRAMS: That would have, I think, said to you that

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there was an additional solicitation which I was not at liberty at that point to state.

SENATOR BOREN: Well, should you not have just said, "I am not authorized by the Secretary at this point -- "

MR. ABRAMS: To talk about the whole thing.

SENATOR BOREN: " -- to discuss this further. And if you wish me to discuss it, I want to be in a position to come here candidly and discuss it. I'll seek authorization from the Secretary or discuss it with the Secretary."

MR. ABRAMS: Well, again, sure. In retrospect, yes, but I think that the immediate response would have been, "Well, now, wait a minute, there is probably something here; we ought to look into it." And I was not trying to create that impression. I was trying to duck what I hoped was a question that would not be asked and felt had not been asked. So I was actually glad that it hadn't been asked, because I needed to get guidance on what to do about it. And I didn't have any guidance coming up here as to what to do about it if it had been asked.

SENATOR BOREN: But, Elliott, in terms of your credibility and your future credibility before this Committee, this kind of splitting of hairs and the possibility of leaving wrong impressions is a tragic mistake. It just is, because in the future people will always ask the question, "Well, were they splitting hairs? Were they being technical? Were they stopping just short of giving the information and allowing the

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wrong impression to be created?"

MR. ABRAMS: I thought, Senator, I must say, that I was failing to volunteer information, and in a situation which ordinarily would have called for the volunteering of it.

SENATOR BOREN: Rereading this transcript, wouldn't you say you went beyond failing?

MR. ABRAMS: Yes, I would. I agree.

THE CHAIRMAN: Well, Elliott, may we close this point? Having dealt with you now for a fair amount of time and knowing something of your style, I think your response on page 18 is going to be like the famous 17 missing words in the October 1983 whatever it was report by Bill Casey. You went out of your way in about eight sentences there to kill off any inquiry by Bill Bradley into the fundraising. At that point you switched t[redacted] That's the way I read that thing and reread it, and it's certainly the impression I had that day. I mean, this is the same thing -- the same problem we had on the Nicaragua thing in 1983. We sat there and had a very distinct impression. Somehow Bill Casey snuck in 17 words apparently in some transcript. But everybody who was in that meeting that day -- and it was a majority by far of the members of this Committee -- nobody in that room heard anything with those 17 words.

I think what you're hearing here today from all of us, including those that are going to have responsibility for trying

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to judge what you're saying in the future, is that you very definitely left this Committee with the impression that there was nothing going on in the fundraising business that you hadn't told us about.

SENATOR BRADLEY: Nothing by the State Department and [redacted] nothing at the CIA. That was the line of questions. That's why both of you were in here. That's why both of you were asked the same questions. And I don't know how much more conclusive you can be when you say there was no foreign government contributing to this. Maybe you didn't want to reveal that, but you did. And you made it very clear.

THE CHAIRMAN: I only raised that so for the rest of today I need to know -- I think we all need to know -- whether your approach for the rest of the day and the rest of the questions is going to be, "Well, you didn't ask me about -- you said 'Singlaub,' you didn't say 'Secord,'" things like that, or are you going to try to be as forthcoming as you say you would like to be, and if there's some area in which you can't be, for some reason, you'll just tell us that you can't.

MR. ABRAMS: There is one area where I was not able to be forthcoming last time, and that is with whether there had been a solicitation to another country. And there is one area where I can't be this time, and that is the name of the country.

THE CHAIRMAN: All right. Then let's proceed with the questions.

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MR. McMAHON: Mr. Abrams, were you aware that the story was going to appear in the Washington Post on Saturday morning which described this solicitation of a third country?

MR. ABRAMS: No.

MR. McMAHON: So you had no knowledge that that information was going to be made public?

MR. ABRAMS: Not when I called John Despres. I must say -- we learned --

MR. McMAHON: Did you have knowledge --

300 MR. ABRAMS: No. My press guy, Greg Lougana, came to me at some point after I had spoken to John Despres, with that information. So no, I did not have it when I called him. I did have it when I picked up the paper whatever morning it was.

SENATOR BOREN: You are sure you didn't have the information at the time you called Senator Bradley that the story was going to break?

MR. ABRAMS: Yeah, we could check with -- because that decision had been made I think in fact either earlier that day or the previous day.

SENATOR BOREN: The decision to call Senator Bradley?

MR. ABRAMS: The decision to call Senator Bradley.

SENATOR BOREN: You are sure the decision to call Senator Bradley was made before you had an inkling of what was in the press?

MR. ABRAMS: Yes.

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MR. McMAHON: Was the phone call made before you had knowledge?

MR. ABRAMS: The phone call was made immediately. We started to call the Senator and couldn't reach him. You were not in Washington. And then I thought, well -- there was an inquiry from the Senator's office as to why we wanted to talk to him, so I thought I'd better to talk to John and explain why it is in fact urgent to see him on Monday. But what point during the afternoon Greg came in, I don't recall. He might.

MR. McMAHON: Greg is your press --

MR. ABRAMS: Greg Lougana is my press guy. He received
xxxx410 a call from Doyle McManus of the L.A. Times saying he had a
story and he wished to speak to me about it.

SENATOR BRADLEY: This is on Friday afternoon?

MR. ABRAMS: That's right.

MR. McMAHON: But you don't recall what time it was that you heard that Doyle McManus had the story?

xxxx MR. ABRAMS: I don't recall it, correct, but it's conceivable that my secretary has some kind of a log that mentions the time that Doyle called me or called Greg Lougana. I never did speak to him; Greg did.

MR. McMAHON: Would you provide in detail your knowledge of Lieutenant Colonel North's activities as it relates to the FDN and funding which was being provided to the FDN from

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private sources or from other public sources?

MR. ABRAMS: With respect to the revelations by the Attorney General on the --

MR. McMAHON: No, no, not just with respect to revelations by the Attorney General.

MR. ABRAMS: No, I was just going to make that -- okay, well let me more generally --

MR. McMAHON: All activities of Colonel North involved in fundraising. Did you have any knowledge or suspicion or had anybody brought to your attention any information at any time --

MR. ABRAMS: There were constant rumors --

MR. McMAHON: -- which would indicate that Colonel North was involved in any activity related to the solicitation of funds, the delivery of arms or equipment to the FDN at any time prior to the recent revelations?

MR. ABRAMS: First, I was involved in the sense of making speeches, and so was Ollie, in the solicitation of funds for expenditure here in the U.S. on things like newspaper ads and so forth at the time of the congressional vote last February, March, whatever. So certainly he was involved, and I knew he was involved. In fact we were to some extent -- once we even spoke on the same platform -- in the early part of 1986 -- in soliciting funds for a thing called the National Endowment for the Preservation of Liberty, which was raising money to buy TV and newspaper ads and things like that in this country.

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There were lots of rumors about Ollie's involvement with the FDN.

Let me back up and say he had a deep involvement in the FDN, as did [redacted] as did I, over time, though Ollie had started before [redacted] and I had. He was in close contact with them, as I was, as [redacted] was. I knew this because intermittently we would exchange notes. That is, we'd have a meeting and one of us would say to the other, "I spokewith Cruz yesterday," or something like that, "I spoke to Calero yesterday."

So it was clear that he was involved with the FDN, as some others of us were.

With respect to fundraising there were rumors constantly that Ollie was engaged in fundraising for the FDN. At some point -- and I cannot tell you when it is, but it is awhile ago -- I mean, it may not even be this year, it may be last year, remembering that I started this in July '85 -- at some point I remember Ollie saying to me, "I have never solicited" -- I think it was -- "a nickel" or "a dime. I am not breaking the law."

Now what led him to say that, what question I had asked, I don't recall, but obviously the subject had come up as to whether he was raising money for the FDN.

I am trying to think of what else I can say about it. That he had lots of contacts with the FDN is clear. I can't think of anything else useful to say about his involvement. No

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evidence ever came to my attention of his soliciting funds for the FDN or delivering funds to the FDN or controlling bank accounts, with the exception of one that I asked him to somehow arrange to have set up.

MR. McMAHON: Did you ever pursue any of the rumors in any way that you had heard with respect to Colonel North's direct or indirect involvement in assistance to the FDN?

MR. ABRAMS: No. He told me at some point, as I say, you know, he was not breaking the law, and I didn't pursue it.

MR. McMAHON: Why is it that you asked Colonel North to provide a bank account, and how long was it after you asked him that assistance that he provided you with the name and the number and the branch of a Swiss bank account? Did you think that was something that was normal response of anNSC action officer?

MR. ABRAMS: Well, I asked [redacted] and Ollie, because both of them were --

MR. McMAHON: I am just speaking of Colonel North.

MR. ABRAMS: Well, but it's the same reason. Both of them were in close contact with the FDN and had secure ways of talking to them. I didn't. And so did I think it was normal? As I recall, [redacted] gave me a number and the name of --

MR. McMAHON: No, no, Colonel North I am speaking of.

MR. ABRAMS: Well, let me just answer. I got essentially the same thing from both of them except for one difference, and

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that is that Ollie's had the name of a branch manager. [redacted] did not have the name of a branch manager, it had the name -- as I recall, it had a number and name of a bank and I think a city address, something like that.

I've never -- I had never asked such a question before -- never asked that an account be opened -- and I was not clear on -- now wait a minute, there's something else, by the way. Ollie said, "Answer back."

Mr. McMAHON: Said what?

MR. ABRAMS: Said, "Answer back." That is, the card said: "Credit Suisse, Eaux Vives, Geneva, Switzerland, Attention: Mr. Jacob Steger, Answer back" -- something. Well, this is on the card. The card's available. The FBI has it, I think, or Judge Sofaer has it.

I'm not sure what that means. It has something to do with a way of telling the depositor that the order came through or something like that.

In any event, [redacted] didn't have that, nor did it have a branch manager. Which was more normal I had no way to judge.

MR. McMAHON: Assuming from what little we know of these kinds of activities that the CIA, who is involved in covert funding, is very familiar with the process in establishing a bank account, it again does not seem to you in any way unusual that an NSC action officer would have available to him the account name and number and branch of a Swiss bank account in

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Switzerland which would be available to receive donations for the FDN?

MR. ABRAMS: No more than it would -- no. I mean in the sense that I asked to get an account --

MR. McMAHON: Assuming that person was not engaged in fundraising himself.

MR. ABRAMS: Well, I didn't think [redacted] was engaged in fundraising, either.

MR. McMAHON: I'm not talking about [redacted] I'm talking about Colonel North.

MR. ABRAMS: Well, but I asked both of them to do the same thing for me, and both of them I thought did the same thing.

MR. McMAHON: [redacted] is an employee of the CIA who sets up bank accounts as a normal practice as part of their operation.

MR. ABRAMS: Well, he didn't set it up. He asked the UNO official to set it up, and I think I assume that Ollie did the same thing.

MR. McMAHON: Set up bank accounts?

MR. ABRAMS: No, could ask an UNO official to set up a bank account.

MR. McMAHON: So your assumption was that this was a bank account that had been set up at the request of Ollie North by an UNO official?

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MR. ABRAMS: Correct.

MR. McMAHON: Are you familiar with how bank accounts work in terms of Swiss bank accounts and deposits?

MR. ABRAMS: Well, I think I'm a little bit familiar. That is, I think that somebody actually has to go over and sign something to open the account and get a -- you can't, you know, you can't do it being invisible, I think that somebody actually has to go and do it and sign something so that there is a signatory for the account.

MR. McMAHON: Are you familiar with how depositors are reported to those who hold the Swiss bank account?

MR. ABRAMS: How deposits are reported?

MR. McMAHON: Yes.

MR. ABRAMS: No, they must get some kind of message. I knew there was going to be --

MR. McMAHON: No, in fact it's been reported to us that indeed that you never do, or you are never able to uncover, as we've discovered, the fact of who it was that deposited any money in your account -- it's a Swiss bank account -- and when requested for that information we have been unable, nor has the Agency been able to determine who deposited the money. So the --

MR. ABRAMS: Yeah, but in this case we may be able to do better, because we know who deposited the money?

SENATOR BRADLEY: Who?

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MR. McMAHON: Who?

MR. ABRAMS: Well, I'm not at liberty to tell you the country.

MR. McMAHON: But there is no record of those who maintain the bank account and who in fact deposits money, so if you have a bank account of some size in which you are getting regular deposits, there's no way to identify whose --

MR. ABRAMS: I don't believe that's right in this case.

MR. McMAHON: That's what we've been told.

MR. ABRAMS: I'm not saying that it's not generally true, but I think this -- we can do better in this case, for this reason. The depositor will be able to tell us through his bank, or banks, exactly when the deposit was made of $10 million. If $10 million was deposited in this account on that day, it is almost certain to have come from that source. I mean, it's not conclusive, but it's pretty damn close.

MR. McMAHON: No, the point being if you are trying to discover from Colonel North whether this $10 million has arrived, the only way for Colonel North to make such a determination is through a very difficult reconstruction process based on a quarterly statement from the bank account as to what deposits were made on what days. There is no --

MR. ABRAMS: Not if it's a new account and it's only supposed to have one deposit in it.

MR. McMAHON: Do you know that this was a new account?

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MR. ABRAMS: No, but I thought it was.

MR. McMAHON: You don't know that for a fact?

MR. ABRAMS: I do not know that for a fact.

MR. McMAHON: So from our understanding that the response from Colonel North --

MR. ABRAMS: In fact, the one that [redacted] set up was a new account.

MR. McMAHON: I'm not talking about that one; I'm talking about the Swiss account.

MR. ABRAMS: Yeah, I know that.

MR. McMAHON: So from what we know and the information we have available, there's no way that Colonel North could have answered that question with any degree of certainty as to whether that $10 million was in fact received in the account from the source which you say it could have come from.

MR. ABRAMS: My understanding of the facts as I sit here today is that that's correct. If it were an account set up, a new account, set up to receive a donation, then you'd know, because it would be empty or something would have come into it. This would have been the case in the account that had been set up by somebody from UNO at the request of [redacted] Either there was zero in it or this deposit had come in. If it wasn't a separate account, you would have no way of knowing, that's right.

SENATOR BRADLEY: If we were pursuing the facts and we --

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you won't tell us who deposited the money into the account, and yet you assert that you have a foolproof way of determining the money came in the account because the person has a receipt of deposit, how can we know that the person has a receipt of deposit unless we know who it is?

MR. ABRAMS: You mean, how can the Committee know?

SENATOR BRADLEY: Yes.

MR. ABRAMS: Well, then the Secretary should authorize or should -- me to disclose or should disclose the name of the country. I can tell you that we asked them to check -- I mean, this is after Tuesday the 25th, I guess it was the Department, it may have been the Department of Justice -- in any event, asked them to check whether the money had come through, and they went to the bank which sent it -- that is, the bank which the country in question used to move the money from their account --

SENATOR BRADLEY: $10 million?

MR. ABRAMS: $10 million. And that bank went back to them and said, "Oh, yes, we sent that money." Now that bank is going to know exactly when the money was sent and exactly the account number to which it was sent, and if the Swiss will tell us whether there was a deposit of $10 million in that account that morning or something, then the chain is I think complete.

MR. McMAHON: Right now there's $10 million missing.

MR. ABRAMS: I don't know whether it's missing, because I

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don't know what the FBI has found out.

MR. McMAHON: What is your sense of obligation in terms of the $10 million that was solicited from this unknown country?

MR. ABRAMS: To try to find it.

MR. McMAHON: And what effort has been taken to find it other than to draft a message to which the response was, "We sent it, we sent it, we sent it" and the response on the other side was, "We haven't got it, we haven't got it, we haven't got it," existing I guess all the way back to sometime in October, August?

MR. ABRAMS: Yeah -- no, there is a cable from the post saying when -- it came in, said, "They just came to me," the Ambassador says, "and said, 'Okay, we're gonna do it.'"

Some time goes by -- a week, 2 weeks -- and we send a cable out saying, "Where is it?"

The Ambassador goes back to the government. The government says, "Relax, these things take time."

Then a few more weeks go by. The money is still not there, Ollie tells me, and we were going to send another cable. It's a question when they said, "Relax," how long do you wait?

SENATOR BRADLEY: What dates are these roughly?

MR. ABRAMS: The last check was about November 1. That is, I think the last time I called Ollie and said, "Could you check and see if the money's there?" I think was about November 1.

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The cables will establish when we got the one in that said, "Relax." It did not have the word "relax" in it. It said they are not worried about the fact that it has taken weeks because they say these things take weeks.

I remember we talked about it at the time and thought, "Well, if you calculate the interest, it's about $40,000 a week, or something like that, and it is not surprising that banks in the middle, if there are banks in the middle, wish to hold on to it."

But weeks had gone by, which was when I prepard the cable saying, "Let us really try to find the money, because it looks as if we may have a problem here. Somebody may have embezzled the money." The cable that I believe was never sent.

MR. McMAHON: How do we know -- with Mr. North no longer in the Government, how do you find out whether or not the money ever gets to this bank account?

MR. ABRAMS: Well, now we've gone directly to the bank and said -- all this stuff was turned over to the FBI on about -- well, whenever it was.

MR. McMAHON: And the FBI is periodically checking with the bank to see --

MR. ABRAMS: No, there was a cable I believe to the Swiss Government saying, "Please freeze this account and let us know about any actions going on with respect to this account. Do not allow anyone to withdraw money from the account."

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When I talked to the FBI I said to them, you know, "We can go back to the country or you can ask Ollie," and they said that they thought that they would rather go back to the country than to ask Ollie about the account. This was on, oh, November 30, December 1, something like that.

MR. McMAHON: I don't have any more questions.

SENATOR BOREN: Is that a U.S. Government account?

MR. ABRAMS: Well, I don't know. All I had was a number. Now that account that [redacted] set up was an UNO account. It was my assumption this was an UNO account, but I don't know who the signatory was in either case.

SENATOR BRADLEY: That [redacted] set up. That's what you just said, the account that [redacted] set up.

MR. ABRAMS: As far as I was concerned, I asked him to have it set up, and he came back a week later and said, "Here's the account number."

SENATOR BRADLEY: But earlier in this conversation --

MR. ABRAMS: He did not set it up. He asked an UNO official to please go to, if I recall -- he'll recall [redacted] and open an account, convey to him the account number, which he would convey to me. It was my assumption that Ollie had done the same thing.

SENATOR BRADLEY: So this is an account in [redacted] not Switzerland?

MR. ABRAMS: The account that was set up by the UNO

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official, I believe it's in [redacted]

THE CHAIRMAN: [redacted] account was in [redacted] the North account was in Switzerland.

SENATOR BOREN: Now the money was to be paid into the North account and then transferred to the [redacted] account; is that the idea?

MR. ABRAMS: Once the money had been received, which as far as I was aware it never was, we would then work out some kind of mechanism with UNO for them to report to us on the spending of the money.

SENATOR BOREN: Let's get back to the bank account.

MR. ABRAMS: It was not to be transferred out of that account as far as I was aware.

SENATOR BOREN: Wait. The money is coming from this country, from an official in the government of this country. To whom is the money to be paid?

MR. ABRAMS: It was to be paid into an account in Switzerland.

SENATOR BOREN: In Switzerland. Now who set up that account?

MR. ABRAMS: As far as I knew it was a new account that was going to be set up by somebody from UNO, but I have no way of verifying that, I must say.

SENATOR BOREN: They were going to set up an account in Switzerland. All right, then, what was the purpose of the

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[redacted] account?

MR. ABRAMS: Well, I said, Senator, before you were here that once the Secretary had authorized me to make an appeal to a foreign government, I realized they might say yes, and then what was I going to do if they said, "Where do we put the money," if it was in money. So I asked [redacted] and Ollie, "What do I do?" And they said an account should be opened.

SENATOR BOREN: Did they do it for you?

MR. ABRAMS: They both said that they could have it taken care of, and [redacted] in fact then came back to me with the account. And what he did, he tells me, is he sent a message to somebody in the UNO [redacted] - and said, "Go open an account."

SENATOR BOREN: But wasn't that a mistake because of the language in the law which exempts the State Department from soliciting nonlethal or humanitarian assistance, but all other units of the Government, presumably the CIA, the National Security Council, and others are barred from participating therein? Did it ever concern you from a legal point of view that you were asking people in other agencies to do anything -- whether it's setting up an account, making a phone call, or doing anything else -- to do anything that you might put them in the position of violating this legal prohibition on all other Departments except the State Department?

MR. ABRAMS: Well, what was being done in my understanding

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was to convey -- in essence, convey in some secure fashion a message to UNO saying, "Open an account," which I did not think violated the law, and when I discussed it with Mr. Hill, he didn't think that there was a legal problem with it, either. I mean, it didn't --

SENATOR BOREN: Because it was being done at the direction of the State Department?

MR. ABRAMS: No, because it was merely passing a message. [redacted] did not actually open the account.

SENATOR BOREN: Well, one message you might pass is, "We need money." You know, that's obviously a solicitation.

MR. ABRAMS: No, but this was not solicitation; this was a message to UNO.

SENATOR BOREN: It was expediting contributions, in a sense, because it was facilitating --

MR. ABRAMS: Facilitating, no question about that.

SENATOR BOREN: At the very least he gets into a very questionable legal area, whereas the State Department, if someone from the State Department had said to UNO to set up the account, it would not have been, presuming that it was for humanitarian purposes, it would not have been a violation of the law.

MR. ABRAMS: If I remember -- you read the conference report, but as I recall, the conference report had mentioned DOD and CIA.

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MR. McMAHON: It also mentions any other entities, and you interpreted that earlier as including the National Security Council.

MR. ABRAMS: Well, I'm trying to think back to what Charlie and I said to each other. It is clear that we did -- I did not think -- let me not speak for him -- that to ask the Agency to pass a message to UNO was compromising them.

SENATOR BOREN: But you do not know, you were never able to determine -- UNO says -- do they still say they have not received the money?

MR. ABRAMS: Well, they have -- it's clear that -- no, that account number was never given to the foreign government, so --

SENATOR BOREN: The [redacted]

MR. ABRAMS: Precisely.

SENATOR BOREN: Only the Swiss number was given to the foreign government?

MR. ABRAMS: Correct.

SENATOR BOREN: And that supposedly is an UNO account also?

MR. ABRAMS: Let me go back for a second and say that I then -- I received these account numbers from both [redacted] and North, had a discussion with Charlie Hill, the Executive Assistant to the Secretary, as to which one to use, now that I had two, and he and I agreed I should use the one from North.

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SENATOR BOREN: The Swiss account.

MR. ABRAMS: Yes.

SENATOR BOREN: But you do not know whether any money was ever paid into that.

MR. ABRAMS: I do not know. I periodically asked Ollie to find out for me, and the answer was, "No, no money has been paid into the account." And I don't know right today whether any money has been paid into the account.

THE CHAIRMAN: Gentleman, it's 4 o'clock, and we need to take about an 8-minute break to hear briefly from another witness.

SENATOR BRADLEY: Can I just take 2 seconds on this?

SENATOR EAGLETON: I've got about 5 minutes when we come back.

THE CHAIRMAN: All right.

SENATOR BRADLEY: There are two accounts.

MR. ABRAMS: Right.

SENATOR BRADLEY: Both are open only for receipt of the contribution from this unknown country.

MR. ABRAMS: As far as I knew. That's not true, I think.

I asked both of these guys to open -- to see if UNO could open an account or if an account could be opened to receive a deposit. It appears on the basis of what I read in the newspapers and what I've picked up from the FBI when I talked to them about it that in fact what [redacted] did was to ask

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somebody from UNO to open an account. That happened. New account. And since this money was never deposited in it, and that was the only purpose for the account, there has never been a dime put in that account.

I thought that that was what was happening with the account which Ollie was having somebody open, too, in Switzerland, a new account into which either this money would ultimately come or nothing would come.

Now I gather that's not true, that in fact this was a preexisting account. So I don't know what's in it, and I don't know, I must say also, how they could determine whether this money came in, except that if one $10 million donation came in, I think one could theorize that if the timing was right, that was where it came from.

The idea was to have an account which would handle nothing but this money, because otherwise it was going to be almost impossible to determine what they were spending it on, anyway.

THE CHAIRMAN: All right, Elliott, if you don't mind, let's take a brief recess.

(Whereupon, at 4:04 p.m., the Committee recessed.)

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THE CHAIRMAN: Let us get back on the record of the examination of Mr. Abrams.

I yield to Tom Eagleton at this point for questions.

SENATOR EAGLETON: Mr. Abrams, when did you talk to the FBI about this entire matter that's before this Committee?

MR. ABRAMS: My memory is that it was the Monday after Tuesday when Meese made his announcement. That is, I talked that week that Meese made his announcement with Hill and Platt, and they both went through their notes about this and raised it with Judge Sofaer, thought about it, he thought about it over the weekend, decided that we needed to talk to the FBI, which we did on Monday.

SENATOR EAGLETON: So you called the FBI -- the State Department called the FBI.

MR. ABRAMS: Correct. Well, they would otherwise have had no knowledge of the incident at all.

SENATOR EAGLETON: And did you talk to them more than once?

MR. ABRAMS: No, it was that one time in Judge Sofaer's office on that day.

SENATOR EAGLETON: In Judge Sofaer's office. Who advised you with respect -- I'm not going to try to twist your arm, but who advised you with respect to the nondivulgence of Country X? Was that Secretary Shultz personally, or Judge Sofaer personally?

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THE CHAIRMAN: Before you respond to that, I am bound by our regimen here to remind you, Mr. Abrams, that you remain under oath.

MR. ABRAMS: Right.

I have never actually put the question directly to the Secretary. I've done it indirectly through Platt and Hill on different occasions. For example, I reconfirmed it this morning with Hill. So I've never actually said it to the Secretary directly.

Would you repeat your question, Senator? I don't know if that was an answer.

SENATOR EAGLETON: Who advised you --

MR. ABRAMS: Charles Hill and Nicholas Platt, that I was not to divulge the name.

SENATOR EAGLETON: Did Charles Hill and Nicholas Platt both tell you that that's what Secretary Shultz wanted?

MR. ABRAMS: That was what the Secretary was going to do and wished me to do. That is, that he was also going to refuse to divulge the name, and wished me to refuse.

SENATOR EAGLETON: Both Hill and Platt told you that.

MR. ABRAMS: Correct.

SENATOR EAGLETON: And if a new committee in the next Congress is convened to inquire into this matter, a special committee, as of today that's still your present intention? You would not divulge to that committee the name of Country X?

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MR. ABRAMS: Well, I would do what the Secretary told me to do.

SENATOR EAGLETON: Go back to Hill and Platt.

MR. ABRAMS: Well, or I would go back to the Secretary. They're easier to reach than he is.

Let me say, Senator, it is not their opinion; that is what I asked them to do as part of their 20 meetings a day with the Secretary, was to ask him. So it wasn't their view; it was his view.

SENATOR EAGLETON: What was the name of the UNO official with whom I take it [redacted] was in contact?

MR. ABRAMS: I have no independent memory of this, but I asked [redacted] on Friday, and he told me. It was [redacted]

SENATOR EAGLETON: Was any other UNO official named by [redacted] or anybody else?

MR. ABRAMS: No.

SENATOR EAGLETON: Was Mr. Calero named?

MR. ABRAMS: No, just [redacted] went off [redacted] [redacted] and opened this account.

SENATOR EAGLETON: The account now in Switzerland, did anybody at any time, either prior to any discussion of the account, during the discussion of when accounts were being created, or since, up to and including this very moment, ever

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tell you that that was the [redacted]

MR. ABRAMS: No, sir.

SENATOR EAGLETON: Did they tell you, anybody in the whole range of time, ever tell you it wasn't [redacted]

MR. ABRAMS: No one ever told me anything about the account, anything at all about the account.

SENATOR EAGLETON: Except you had the number on a card.

MR. ABRAMS: Which I then gave to Mr. Platt, and so it was actually in his physical possession.

SENATOR EAGLETON: Was that card turned over to the FBI?

MR. ABRAMS: Well, it was turned over to Sofaer. I assume the FBI has it, but I can't swear that it is not in Sofaer's possession.

SENATOR EAGLETON: Did Sofaer make a Xerox copy of the card?

MR. ABRAMS: I don't know. I didn't have the card. Platt had it, and I understand that he gave it to Judge Sofaer. And we believe it is actually physically the card that Ollie gave to me.

SENATOR EAGLETON: You believe it is physically the card?

MR. ABRAMS: Yes.

SENATOR EAGLETON: Ollie gave you a card and it said Bank Suisse, Jacob Steiger, and then you remember something about no -- or answer back.

MR. ABRAMS: Answer back, at the bottom. That's right.

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SENATOR EAGLETON: It was a card, like a recipe card?

MR. ABRAMS: Essentially an index card. Typed.

SENATOR EAGLETON: And Ollie handed you that.

MR. ABRAMS: Correct.

SENATOR EAGLETON: And you looked at it.

MR. ABRAMS: Looked at it and put it in my pocket.

SENATOR EAGLETON: And it had a number.

MR. ABRAMS: Had number, branch, name of the bank, "Attention: Jacob Steger, Answer Back." "Answer back" -- then had a colon and something, I think letters and numbers.

SENATOR EAGLETON: Where did the physical custody of that card go next?

MR. ABRAMS: I kept that card with me -- no, actually I never kept the card except in the periods when I needed it. That is, I needed it to make this trip to go see the foreign official.

SENATOR EAGLETON: Well, where was it when you --

MR. ABRAMS: The card was kept in the possession of Mr. Platt, the Executive Secretary of the Department, in his safe.

SENATOR EAGLETON: When you needed it, you got it from Platt.

MR. ABRAMS: Yeah, which as I recall was one time -- that is, when I was about to go --

SENATOR EAGLETON: Why did you need it that one time?

MR. ABRAMS: I needed it because I was about to go off on

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a trip and I needed to give the account number to the foreign official. So my memory is he gave me the card, I took it with me, wrote it down on a different piece of paper, and gave Nick Platt the card back.

SENATOR EAGLETON: And had you -- all of this stuff hit the fan. Have you seen that very same card that North gave you?

MR. ABRAMS: No. I believe that Platt gave it to Sofaer.

SENATOR EAGLETON: And you believe Sofaer gave it to the FBI?

MR. ABRAMS: Correct. That's my belief. He may have given a Xerox to the FBI. He may have kept the original. I don't know.

SENATOR EAGLETON: If we subpoena the card, Sofaer being a good lawyer, there'll be something there for us to get, won't there?

MR. ABRAMS: Absolutely.

SENATOR EAGLETON: Now --

MR. ABRAMS: There's also -- let me just say -- there are also all of the cables which again, if the Secretary wishes to divulge the name of the country, he can give you; if he wishes not to, he can simply erase the name of the country.

SENATOR EAGLETON: This is cable traffic between State and --

MR. ABRAMS: And the Ambassador to that country.

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SENATOR EAGLETON: Our Ambassador to --

MR. ABRAMS: Our Ambassador to that country, and from him to us.

SENATOR EAGLETON: Between Country X, and we have the whole text of the cables.

MR. ABRAMS: And the dates.

SENATOR EAGLETON: And the dates. We'll get those in due course.

Now, since all of this hit the fan, have you, Shultz, Sofaer, Hill, Platt, the American Ambassador to Country X, or any employee of the State Department, or any other living individual that you know of that isn't even connected with the State Department, any other breathing person on Earth, talked to Country X and asked Country X: "X, did you put $10 million in a Swiss bank account pursuant to the Abrams conversation?"

MR. ABRAMS: Yes.

SENATOR EAGLETON: What was the answer?

MR. ABRAMS: The answer was -- we sent the Ambassador a cable that said, as I recall it -- again, these can be produced -- but as I recall it, that said, "There is a great" -- I'm paraphrasing freely -- "There is a great scandal in Washington now, and this account has become important to it. Did you ever send the money?"

We received a cable back -- well, this is all since October 25, so it's all quite recent -- we received a cable

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back immediately -- my memory is December 3 or 4 -- in which the foreign government said that they had checked with the bank they used and the money was sent weeks ago, weeks ago, by the country in question. This was as of December -- I think December 4, I am fairly confident of that, that they were shocked to learn that the money was not, according to us now, on deposit in that account.

It was at that point that we did I believe a diplomatic note to the Swiss Government saying, "Freeze this account."

SENATOR EAGLETON: Now was this -- "shocked to learn" -- was this a cable from our Ambassador in Country X reporting to Secretary Shultz?

MR. ABRAMS: Yes. Well, to the Department, right. We sent a cable out saying, "Go and tell them." Well, what we said in the cable was, "If they haven't given the money, tell them not to, and if they have started to but can somehow call it back, tell them to call it back."

And their response was, "We gave this money weeks ago." They actually checked with the bank which they used to move the funds, which was in the capital city, and that bank told them, "This was done weeks ago."

SENATOR EAGLETON: Did Country X give anything in writing to our Ambassador in Country X, a message or a note or any kind of a document or anything in writing from Country X to our Ambassador to Country X?

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MR. ABRAMS: I don't believe so. [redacted]

SENATOR EAGLETON: Has our Ambassador been back to see the Foreign Office I guess or whatever it's called in Country X more than once about this?

MR. ABRAMS: Twice since October 25. First he went in to say -- to deliver our message. That was, if I remember right, December 3. On December 4 they called him back to say, "We have checked with our bank, and it was sent weeks ago." We may even have a date as to the exact date as to when they said they'd sent it.

SENATOR EAGLETON: We have the date as to when they said they sent it?

MR. ABRAMS: Yes, in that reply cable. And that's the last communication with our Ambassador out there, which would be about the 4th.

SENATOR EAGLETON: Would you tell the Secretary we would like those cables? We would like the ones from Country X, but we would like them in the least obliterated form possible.

MR. ABRAMS: Sure. I don't see why that's any problem.

SENATOR EAGLETON: The Ambassador's name will have to be blank.

Now, when [redacted] sat here with you on November 25, [redacted]

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knew that at your instigation he, [redacted] had contacted a UNO official about opening a bank account in [redacted]

MR. ABRAMS: Correct.

SENATOR EAGLETON: And [redacted] listened to all of your testimony that day that you were here.

MR. ABRAMS: Correct.

SENATOR EAGLETON: Did [redacted] know about the Swiss bank account?

MR. ABRAMS: No, he didn't. Neither -- I asked these two guys separately the same question, which was, "How do we get an account for UNO? How does UNO get an account? What do I do?" I do not believe that either of them knew that I had asked the other. That was why I ended up with Charlie Hill saying, "Well, now what do I do? I've got two accounts."

SENATOR EAGLETON: So even as of November 25, [redacted] did not know about the Swiss bank account, November 25?

MR. ABRAMS: That's correct.

He told me on Friday when we talked about this that sometime after the account was opened, [redacted]

SENATOR EAGLETON: Which account?

MR. ABRAMS: I'm sorry. Sometime after [redacted] opened the account --

SENATOR EAGLETON: The [redacted] account.

MR. ABRAMS: -- which I remember as being [redacted] will, I think, confirm that, because I remember it was sort of

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down south, I think it was [redacted] said to him, "Where's the money? There's no money." And [redacted] had called me he said he remembered and said, "What's going on?" And I told him, "Well, we haven't completed this transaction. Don't know whether there's going to be any money."

SENATOR EAGLETON: When was that?

MR. ABRAMS: I don't recall. It would have been in the course of the summer. I mean, it would have been sort of August, September, something like that.

SENATOR EAGLETON: Did that arouse your curiosity?

MR. ABRAMS: No, because I knew that I had given the -- if it was early enough, I knew that we hadn't given the card, and if it was after I gave the card, I knew I had not given his card. So --

SENATOR EAGLETON: You never handed over the [redacted] number?

MR. ABRAMS: No, no, no, no, no. No, Hill and I made the decision to hand over the account --

SENATOR EAGLETON: So the [redacted] account just sortof --

MR. ABRAMS: Dead. Never a cent put in it.

SENATOR EAGLETON: Never given to anybody to put anything in.

MR. ABRAMS: Correct. Shut off, and then I burned the card. So it sits there, in whatever bank it is, empty.

SENATOR EAGLETON: [redacted] or whatever that name is, is

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he [redacted] for what we call the contras?

MR. ABRAMS: He was at that time I think sort of [redacted] thought he did and I think he probably would now, too, if we were doing this today.

SENATOR EAGLETON: A little better than just opening one.

[redacted]

MR. ABRAMS: He would have been -- yes, I mean, under this -- had we used that account, the answer is yes. He would have been the person who would have been responsible [redacted] Correct.

SENATOR EAGLETON: As far as you know, based on your knowledge of the contra operation, if there's any financial transactions, either -- based on your knowledge -- either public or private parties, is [redacted] man that's dealt with?

MR. ABRAMS: I don't know. I don't know.

SENATOR EAGLETON: Based on your knowledge.

MR. ABRAMS: UNO has -- see, when we ran the $27 million operation, we didn't put any money, as I recall, in UNO accounts. That is, we paid suppliers, we didn't pay UNO. So I never got any connection through the Nicaraguan Humanitarian

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Aid Office or the State Department with how they ran their banking. So I don't know the answer to that.

SENATOR EAGLETON: Do you of your knowledge, either direct or by hearsay within the scope of your official operations, know of financial operations directly with Calero, whatever his name is?

MR. ABRAMS: Adolfo.

SENATOR EAGLETON: Adolfo Calero.

MR. ABRAMS: I know of rumor, yes. [redacted]

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[redacted]

THE CHAIRMAN. Sorry, Tom.

SENATOR EAGLETON: When you talked to Hill -- was it Hill,

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about not divulging the country -- Hill, or what was his name?

MR. ABRAMS: Platt. And there were actually others involved in those conversations, too, but --

SENATOR EAGLETON: But not Shultz directly.

MR. ABRAMS: Never. I mean, in the period --

SENATOR EAGLETON: That told you not to divulge the country.

MR. ABRAMS: In the period since November 25.

SENATOR EAGLETON: And they said, "We tell you not to divulge the country because --

MR. ABRAMS: Because we pledged confidentiality. It was not a legal argument, it was that the Secretary -- what I was told, and again this is paraphrasing -- the Secretary believed that we made a pledge of confidentiality and we should keep that pledge of confidentiality.

SENATOR EAGLETON: What were you advised if the Committee -- and I don't know if this Committee will -- what were you advised to do if the Committee Chairman insisted that you answer the question? You're not taking the fifth, of course.

MR. ABRAMS: No, no, no. Not at all. I would go back to the Secretary and say, "Look, they really want this, and it is harming our relationship with the Committee, and could we give it to them?" Which I will do anyway, because it's quite clear that, you know, that you want it.

SENATOR EAGLETON: I'm just anticipating that some other

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committee in some other forum at some other time might.

MR. ABRAMS: Well, I would -- you know, I'm in a sense following his instructions here, and would be happy to go back and say, you know -- Can I ask that question? Does the committee wish me to do that?

SENATOR EAGLETON: No -- I don't know.

Mr. Chairman? If the Committee's that hot not to see it, I'm not that hot.

SENATOR BRADLEY: What's that?

SENATOR EAGLETON: The name of Country X. If you want to, ask the question.

MR. ABRAMS: The question is, Should I go back to the Secretary and say the Intelligence Committee wants to know the name of the country?

SENATOR BRADLEY: I read it in the newspaper. I don't need to know.

THE CHAIRMAN: That's sort of my view.

SENATOR EAGLETON: The Committee does want the cable traffic.

SENATOR BOREN: I don't think it matters whether the name of the country is X'd out or not.

THE CHAIRMAN: Do you want some more?

SENATOR EAGLETON: But I would have thought on November 25 that it was keenly important, and even on November 25 if I hadn't gotten the name of Country X based on page after page of

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questions, I would have liked to have gotten an answer from the witness that what -- it isn't just Singlaub and all these other things that he tried to muck up the record with. "I, Elliott Abrams, have been out on the fundraising circuit. Now I'm not at liberty to tell you all about it. I want to go back and talk to George and some of the boys, but I at least gotta be halfway honest with you." That's what I would have liked on November 25.

MR. ABRAMS: Senator, before you leave, if I could simply say while there may be regret on the part of some of the Committee about that testimony, it is not anywhere as large as mine seeing your reaction to it. I can only apologize to the extent that that testimony was misleading to any or all members of the Committee present or who have read the transcript. It is obvious to anybody in my position or any similar position that the ability to do your job depends in no small part on the ability to work with this Committee and the Foreign Relations Committees, and to the extent that this testimony interferes with it, it is a self-inflicted wound, which as I say I can only regret 12 times as much as any member of this Committee.

THE CHAIRMAN: Thank you for that statement, and I suppose it would be nice if you could -- never had to work with this Committee, if you could conduct foreign relations liaison with only Foreign Relations.

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MR. ABRAMS: That is not true. We actually prefer to deal with this Committee more than we do Foreign Relations, but I don't want to get into personalities.

SENATOR BRADLEY: If I could, you said that you gave the account number to a foreign official.

MR. ABRAMS: Correct.

SENATOR BRADLEY: You physically gave it to a foreign official?

MR. ABRAMS: Yes, physically. That is, what happened was, not the head of government, but a high official of that foreign government, met with me personally, just the two of us, alone.

SENATOR BRADLEY: Where?

MR. ABRAMS: [redacted]

SENATOR BRADLEY: Where?

MR. ABRAMS: [redacted] I physically handed him a card -- not the card, as I recall, that Ollie North had given me -- but I had written it down. That is, in my hotel room I had written down -- I had transposed or transcribed the number of -- everything: the number of the account, everything that was on the card. Physically handed him that card, which he then put in his pocket.

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SENATOR BRADLEY: [redacted]

SENATOR BRADLEY: Okay. Now the account as far as you know that [redacted] opened in [redacted] is still there?

MR. ABRAMS: I spoke to [redacted] about this on Friday, and he tells me, if I recall the conversation correctly -- and I think I do -- yeah, the account's sitting there empty.

SENATOR BRADLEY: And it was [redacted] that decided that [redacted] would be the person to open the account?

MR. ABRAMS: Correct.

I do not recall knowing that it was [redacted] until Friday, but it is possible that [redacted] told me at that point.

END TAPE 8
TAPE 10FLS

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TAPE 10

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MR. McMAHON: I have a couple of questions.

Did the [redacted] in Country X have any idea of the disposition of those funds?

MR. ABRAMS: [redacted]

MR. McMAHON: Did Mr. North play any role in determining that solicitation of third countries should be made or the selection of which countries should be solicited?

MR. ABRAMS: Well -- no. We talked -- I remember a conversation once on an airplane at which a number of people were present about getting money from other countries --Rich xxx 0045 Armitage was present; I think Ollie may well have been present -- just kicking around names of countries, which I also did with other Assistant Secretaries. I remember I once xxx0058 did it with Roz Ridgeway with respect to European countries. She also said nothing would come of it.

SENATOR BRADLEY: This was 1986?

MR. ABRAMS: This was 1986.

SENATOR BRADLEY: Did you ever brainstorm in 1985?

MR. ABRAMS: No.

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Did we ever brainstorm in 1985 about soliciting money? No.

SENATOR BRADLEY: Did you ever brainstorm in 1985 about who might be able to help the contras financially?

MR. ABRAMS: We never brainstormed in 1985 that we might be able to help the contras financially, but we had one discussion in 1985 about getting a commodity for the contras from a foreign government.

SENATOR BRADLEY: So that you --

MR. ABRAMS: That is to say -- let me be more specific. I lead a thing called the RIG -- the Restricted Interagency Group. And we kicked around in 1986 after the $27 million was running out, Could we get money support from a foreign government? In 1985 we once kicked around -- well, we didn't kick around, I should be more specific about that, let me be more careful. In 1985 we -- the Department of State and the Central Intelligence Agency -- discussed the question of whether we could get radios from -- whether we could buy radios for the -- you know, for the contras, out of the $27 million. This is post-August. That is, you appropriated money in August of 1985.

You didn't ask this question, but I will answer it, because I don't want to have happen what happened last time, in an effort to avoid your ever feeling again that I was not forthcoming, to say the least. In August of '85 we got

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$27 million to distribute. A problem immediately arose. We had no way of knowing where the FDN was within Nicaragua. [redacted]

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As soon as we started this program, we learned from the Agency essentially, through intelligence reporting, of this problem. That is, the stuff gets to [redacted] and then what do you do with it? How do you get it in?

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And the answer clearly was long-range radios. We thought we could pay for the radios out of the $27 million legally, just as we could pay for transportation, which isn't a humanitarian commodity. We could pay for transportation. Okay. We thought we could pay for radios. I believe -- I haven't done this recently -- but if you checked the Senate Record that it was assumed in the Senate debate that such an ancillary good would be an acceptable purchase out of the $27 million. But this understanding was not present in the House debate. So we went to see Lee Hamilton. This would be September.

I went to see Lee Hamilton -- I was not alone, but I don't

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remember who was with me -- and said, "We'd like to buy some radios." My memory of the conversation was that he said, without getting into the legal argument, "Don't do it out of this $27 million, because why press your luck? There will be members of the Committee who think that that's not a humanitarian good. You have tenuous enough support, so don't press your luck."

So that was the end of that except for one thing. Those long-range radios are produced in a number of countries around the world. The Secretary approached -- in my memory it was the Secretary; I was not present at the meeting -- the leader of a country which, and again I cannot identify the country, which we believed to produce long-range radios, and said, "We believe you produce long-range" -- you know, 50, 100, 200 miles -- that is, as opposed to the kind of thing that is essentially a walkie-talkie -- "We are under the impression that you produce these radios in-country.

Now I don't know whether the Secretary then said, "Would you give them to the contras?" for this reason. That country came back to us a couple of weeks later and said, "We don't produce such a radio," at which point we dropped the idea of getting radios from that country or any other.

I don't know whether the Secretary said, "If you produce this radio, would you give it to the contras?" because I wasn't present at any conversation with officials of that

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country. So it came to nought, but we did ask for it.

This has not been reported to Justice. I went down to see Judge Sofaer to tell him about this, and he said it has no relation to Ollie North or to Iran, and there is no reason why it is under the scope of what Justice is requesting.

I tell it to you because of the last hearing.

And let me just say one other thing. Those two incidents -- the radios which never came, and the money, which as far as I knew never came -- constitute the sum, let me be absolutely categorical, constitute the two incidents in which I have been involved in which the Department of State attempted -- well, possibly attempted, because I am not sure in the case of the radios whether we actually asked for the radios, or merely inquired as to whether they were indeed produced there -- the only two incidents in which I was involved in which a foreign government was in any direct or indirect sense queried -- or in the case of the $10 million directly requested -- to provide a form of support for the contras in kind or in money.

I want to be careful about that, because obviously as we were putting the -- we have talked to [redacted] [redacted] and [redacted] and [redacted] a lot about support for the contras. But I'm talking about contributions to the contras.

THE CHAIRMAN: Bill, if you'll yield for a moment, I need to clarify something in my mind on the business about the radios.

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I recalled that in the negotiations with the House, we got $3 million worth of radios --

MR. ABRAMS: December.

THE CHAIRMAN: Pardon?

MR. ABRAMS: This was after that. That is one of the reasons we never asked anybody else for radios was that you gave us the money.

THE CHAIRMAN: Oh. So this took place before. Okay.

MR. ABRAMS: This took place on October -- I don't know. It took place in sort of late September, early October period. It was after the 27 million had been approved. It was before the 3 million had been given us for the radios which made it a moot point. We had paid for the radios.

THE CHAIRMAN: Then I might just make the observation for the record, and I will correct the record later if my recollectio is incorrect, but I remember the negotiation fairly well, because we were trying to expand our authority in a pracitcal sense, and that the three parts of this deal were the radios, the trucks and --

MR. ABRAMS: There was another.

THE CHAIRMAN: -- the solicitation of third countries. The deal was if the House would give us the radios and the trucks, we would go along with their desire to prohibit third country solicitation. I believe that not only to be the deal, but that was communicated, if not to you, it was certainly communicated

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through other Congressional liaison.

MR. ABRAMS: This is when, December?

SENATOR BRADLEY: That is the reason I voted against the whole conference report.

MR. ABRAMS: Can I have -- let me try --

THE CHAIRMAN: Since September of 1985, right.

MR. ABRAMS: We're all in 1985.

MR. McMAHON: That's right.

THE CHAIRMAN: September of 85.

MR. ABRAMS: Well, wait a minute. If you had given us the money for the radios in September, we would have had the money for the radios in September. Are you saying that your --

THE CHAIRMAN: Was it November?

SENATOR BRADLEY: It wasn't concluded until December. The conference report wasn't wrapped up until the end of the sessio

MR. ABRAMS: I can state again for the record that Judge Sofaer believes that the State Department has the authority, th Secretary has the authority to ask a foreign government to support the contras.

THE CHAIRMAN: I am just telling you you didn't get that authority from the Congress of the United States; you got that from Judge Sofaer, because --

MR. ABRAMS: No, no; I don't disagree with that. It is his view that if the Congress is silent, the authority is very clea I guess it is a much more difficult issue if the Congress forbi

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the State Department from doing it. But if the Congress is silent, it is his view that certainly that authority -- that authority was not created, in his view, by Congress in December of 85. It was acknowledged, in his view, by Congress in Decemb of 85.

SENATOR BRADLEY: Just getting back to the point before yo digression. But you have never engaged in a brainstorming session with Ollie North on how to raise funds for the contras in 1985?

MR. ABRAMS: No. I don't think I did. It is possible tha I did. The plane ride I referred to, we could probably track down. It was a visit. It was sort of a flying RIG. It was all of us went down to Central America, and I remember --

MR. McMAHON: When was that?

MR. ABRAMS: Well, I believe it was when the money was running out in May-June 1986. I do not believe that I engaged in any such brainstorming session, not with Ollie, but at all. Because at that point we just got $27 million. We weren't out of money. We had plenty of money. We started thinking about where to get money when the money started running out.

THE CHAIRMAN: Would you clarify for the record -- I understand why you would ask [redacted] for a bank account [redacted] Would you clarify for the record precisely why you would ask a staff member of the National Security Council for a bank account

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number?

MR. ABRAMS: Basically the same reason in both cases. These guys were in much more constant contact with the contras, I believed and believe today, than I was. You know, I couldn't sort of call them on an open line and do this. So it seemed to me that these were the guys who were in closest contact with the contras, and therefore the most sensible guys to ask to talk to them about it.

THE CHAIRMAN: Do you recall from your knowledge of the affair in September, I believe, of 1985, in which both the House and the Senate accused Oliver North of being an intermediary in one way or another in supplying funds for the --

MR. ABRAMS: I'm sorry, say that again. In September-October --

THE CHAIRMAN: Of 85. There was an investigation on the House side and something that might qualify as a semi-investigation on our side.

MR. ABRAMS: I don't recall that at all. I don't recall any investigation of Ollie's activities in September-October 85.

THE CHAIRMAN: With regards to supplying funds or soliciting funds for the --

MR. ABRAMS: Or anything else. I don't recall any such investigation at all.

MR. McMAHON: You remember the -- it was very public

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disclosure of allegations about Ollie North in September and October of --

MR. ABRAMS: I am not denying it. I just don't recall any such investigation.

THE CHAIRMAN: I ask you that only because at the time Bud McFarlane was the head of the National Security Council and he went to great pains to indicate publicly and privately that Ollie North was not involved in any way in soliciting or providing or any funds for the --

MR. ABRAMS: Well, as I said, at some point, and I don't remember when it was, Ollie said to me, I have never solicited a nickel. I am not breaking the law. So that was Ollie's view. And this is more recent than that. I mean, this is sort of 1986 I think when this conversation took place. So that was my understanding all along, that that was Ollie's view. There were lots of rumors and so forth about Ollie, but we never -- we, the Department of State, never launched an investigation of the question of who was -- who was giving the outside money to the contras. It was clear they were getting it.

In your debate on the 27 million on the Floor of the Senate and the House, it was clear, everybody understood they were getting it. We understood they were getting it. We knew they were getting it. We had better information, maybe not than you did, but than the Congress did, because there was intelligence reporting about the arrival of things in the contra camps in

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[redacted] So we had some sense, I think the reporting will indicate -- less in 85; more in 86 -- that military stuff was coming in, that they were getting bullets. It was manifest, because they were still fighting. So we knew that things were arriving.

[redacted] has testified here that efforts to trace where the money was coming from could not go beyond bank secrecy. That is, they tried and they actually testified in my presence in the Senate Foreign Relations Committee on that point. And as to Americans, I have said before, but I think it is important to say again, I think it is just not the job of the State Department, and really I would say not the job of the U.S. government to start investigating which private citizens are supporting the FMLN, FSLN, or the contras. And we -- in any event, that is a matter of opinion. We didn't do it.

THE CHAIRMAN: In what other ways during 1986 was Colonel North helpful to you in your work as it relates to Nicaragua?

MR. ABRAMS: Ollie knew the contras very well, as did [redacted] They were kind of dual tracks. If you needed to, well, get messages. They were in contact. It was clear that they wer in contact, and actually better contact than we were, especiall with Calero. The conception -- the general view, and it is, I think an accurate view, was that Ollie and [redacted] were close to Calero, and that Cruz and Robelo were close to me and the State Department. [redacted]

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And so as an example, if you wanted to get a message to the FDN on a human rights issue, none individual one comes to mind, but if you wanted to get -- if you wanted to tell them, you've got to stop doing that, something like that, then it was not useful for me to talk to Calero. It was useful for Ollie or for [redacted] to talk to Calero, because they had a certai influence. At least that was and is my impression. Similarly, I would say Bermudez -- I mean, we tended -- we atState tended to know the FDN people less and the others more. My impression, Ollie and [redacted] knew the FDN people better. , Although [redacted] came slowly -[redacted] only started, I think, in the middle of this period, sort of summer 85. Ollie had preexisting relations So it took [redacted] a while, I think, to get up to the level of confidence that they had in Ollie.

He -- I wasn't aware of any trips down there of his that -- other than he made a couple with me -- in larger groups, never alone with me -- but we made several trips down there that we could track, with larger groups. I think once with Armitage, one -- I mean, a couple of times with Galvin. He was the NSC's sort of -- I would say action officer on Central America. The other -- when we had our interagency meetings Vince Cannestrero and Ray Burkhart would come. The thing is, they didn't have as much influence in the White House and they didn't have as much influence, I think, with the contras, as he did. Ray couldn't - you know, could not tell them to do something with the expectati

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they would do it. But [redacted] could and Ollie could.

THE CHAIRMAN: If you needed information for whatever purpose about the nonhumanitarian needs of the contras during the 1986 period of time, would you go to Ollie North to get an honest view of where they were short?

MR. ABRAMS: Go to both [redacted] and Ollie. There was intelligence reporting, but you could ask Ollie, too. That is, he saw the intelligence reporting, but he also talked to them. So that a typical thing -- I am not saying this exact conversation took place, but conversations like it took place on numerous occasions. We would get a report in and I would raise it at this interacgency meeting, and say this is awful. Here's a report that the guys have no food and in such and such. And then Ollie would say, that's right, and tell an anecdote or soemthing. So he was in direct communication with them, I assume by telephone.

THE CHAIRMAN: But during this period of time, I think it was when you and [redacted] were here on 25th, we had some discussion about the amounts of money that were required to satisfy the subsistance level of the contras in a military sense. And I believe [redacted] testified that that was around $2 million a month or something like that.

MR. ABRAMS: This was the lethal aid or nonlethal humanitarian aid?

THE CHAIRMAN: I can't remember whether that was lethal or

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nonlethal, and I just intended to ask you to see if you could clarify that.

MR. ABRAMS: Well, let me see. I think first that lethal aid, we were giving it 3 million a month. We had 9 months, we had 27 million; so 3 million a month. Now, that was at a bette level than they were used to having. And it also had some padding built in. That is to say, on March 31st, it wasn't all gone. There was a little bit of pipeline. So 2 million a month for humanitarian, probably a ballpark figure. A million and a half. But that's a good ballpark figure.

. I don't know about the lethal aid. I am not personally able to make that assessment. It is an assessment that I think we can make, that is, DOD and CIA together. We made it once. There was a hearing I recall of the House Foreign Affairs Committee, and I remember at that time asking [redacted] what do yo think the war costs? And my memory is, he either said 25 millio a year or 50 million a year, and I don't recall which it was. But what are we spending? We're spending 100 million for 12 months, so 8 million a month, if you figure 3 million humanitari that's 5 million military a month at a very much higher -- a fe million a month is a ballpark figure, I think.

But, but let me add another thing. I asked [redacted] after this thing broke on Tuesday the 25th, we were all sitting around thinking, where does all this money go? I mean, if $30 million came in, and [redacted] comment was my comment, that is, you sure

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as hell don't see it down there with the contras in humanitarian stuff. That is, they are buying food on credit. They have no bandages. They have no medicine. Okay. Theoretically then, it is going into military goods.

And our thought was you couldn't find $30 million worth of I don't know, we're talking about the period either since summer of 85 to now, or I don't know when the Iranian money started coming in, maybe 1986 only.

Well, you couldn't find $30 million worth -- I don't think you could find $10 million worth of military goods. Thus, as we have chatted and sort of kicked it around, our belief informally has been that if 30 million came in, a lot of money was stolen.

THE CHAIRMAN: Well, that is precisely what prompted my question on the 25th, because I found that a little hard to believe that it would be --

MR. ABRAMS: And I knew that there was no money -- I knew that they had received no money from a foreign government at that date.

(Discussion off the record regarding scheduling.)

MR. ABRAMS: I just wanted to add something if you have no further questions.

THE CHAIRMAN: I do have further questions. I was accomodating someone here.

The question I am leading up to is on October 5th, when the

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123 went down in Nicaragua, the Director of Central Intelligence and his Deputy met with us and they had a -- at that time they had a printout of plane and truck and other trips into Nicaragua which began, as I recall, around the first of January 1986, and they made it clear that they were merely after the fact tracking deliveries of equipment and so forth into Nicaragua. Didn't know, you know, where the money came from to buy it and all that sort of thing.

And what I am asking you is in connection with your meetings with Colonel North, were you able to come to any judgment on whether the contras were being adequately supplied during 1986. Since you have to make overall political judgments about how long this thing can survive and how do we keep up the pressure and all that sort of thing, it strikes me that you als needed to know whether they were being adequately supplied, and if they were, how could you improve on that, or where -- what was your impression of where all this stuff was coming from.

MR. ABRAMS: Well, two different questions. As to whether they were adequately supplied, we never believed that. We alway believed that they should, you know, for one thing should get out supplies so that they could have [redacted] and they could have much more than they had. They seemed to be adequately supplied in the military area, you know, in the sense that for low level, low tech materiel, they were adequate supplied. I mean by that, for example, did they run out of

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ammunition? They may have run out of one type or another at one time or another. I don't recall them being out of ammunition. Problems of getting in to the troops in Nicaragua, yes, but in terms of did they as a force have access to ammunition, yes. Rifles? My memory is the answer to that is yes. That kind of low tech item, yes. I do not recall ever seeing an intelligence report or hearing that that kind of item was in short supply.

Now, if you think about it, once the humanitarian money ran out, they ran out of everything it was buying. It would therefore be logical that what any other money was buying was exclusively military things. Which I think is probably right. I mean that is, I think, what --

THE CHAIRMAN: But in the -- again, as I recall the situation, the private donations, whatever that means, sustained the contras for some brief period of time from the cutoff of our covert --

MR. ABRAMS: Just about a year.

THE CHAIRMAN: But then as soon as the humanitarian aid was passed, perhaps you and others testified here that the private donations dried up. And the story as I recall, and it did seem to make some sense that we got was that no one believed that when we voted $27 million in humanitarian aid, we weren't puttin guns and bullets into the boots.

So there was a period of time in the fall and when we -- of 85, I guess, when we were given the story that things were

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drying up. But by the first of the year, apparently, the material was there and while it may not have been totally adequate to the kind of effort that you wanted to engage in, the material was there. And my question is, where did it come from?

MR. ABRAMS: Well, I think there were all kinds of shortages but not of guns and ammunition. That is my memory. Using the term carefully. That is to say, rifles, pistols, that kind. Shortages of a lot of other things. Boots, for example. I can remember occasions when they couldn't go back into Nicaragua for lack of boots. Not for lack of rifle ammunition, let us say. We never knew -- I never knew, the Department of State never knew the answer to your question, where are the guns coming from.

[redacted] testified once -- maybe it was here and maybe it was another hearing I was at -- that the -- this war material was being flown in from [redacted] and that they knew there was a warehouse in [redacted] That is the full extent of my knowledge of where the guns were coming from. That is, he never said where the -- who was paying for that warehouse.

But I think that we -- I don't know whether at that hearing we mentioned that warehouse in [redacted] and that other related question. No?

MR. McMAHON: No. Just --

MR. ABRAMS: We've mentioned it to the FBI. There is a

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warehouse in[redacted]with something like $20 million worth of armaments which[redacted]-- well, we did mention it, but not perhaps in this context. Question arises about that warehouse, whose $20 million in it? Is it --

MR. McMAHON: You did talk about that.

MR. ABRAMS: We reported that to the FBI on the grounds that maybe some of this Iranian money was in that warehouse in the sense that if that was who paid for $20 million worth of materiel. Anyway, I did not know, I do not know, who paid for materiel that was in that warehouse in[redacted]or if it all comes through[redacted]or whatever.

Now, I have never seen any intelligence information that I can recall, about flights from[redacted]to presumably[redacted] Nor have I ever seen any intelligence information about, you know, going behind[redacted]warehouse into who was behind that warehouse. Perhaps they exist and it was not given to the State Department. I haven't a clue. Nor did we investigate. Nor did we, that is to say, ask the Agency to investigate and report to us on who is behind the warehouse. Why? We wanted the contras to succeed. We knew that we -- we thought we knew; it was false -- we thought we knew that the U.S. government was not involved in that in any way. And I had in fact, as I mentioned last week or two weeks ago, talked to Ridgway and Murphy about contributions. I did not mention Ridgway by name, I mentioned Murphy. But I had talked, like I said earlier, to

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Ridgway. And it was the same answer. Forget it; you're not going to get any money out of any of my countries.

So we had no information about that except that I felt pretty damned secure that if, you know, you wouldn't approach a foreign government without the State Department Assistant Secretary knowing about it.

THE CHAIRMAN: Elliott, can I ask you -- and I'll stop at this point, but can I ask you why -- because I am now concerned about what happens a year from now or nine months from now -- can I ask you why no one in the world will support the contras? I voted for the -- I mean my only vote in this connection as I recall, other than back in 83 or 84, when they were just trying to save the covert action, was in favor of the humanitarian aid. But what I was doing at that time was signalling a United States commitment to Nicaragua, which I think we were all trying to do, that we have a commitment to Nicaragua.

And that was important because that was supposed to tell everybody else that it is important to do something about the captured revolution in Nicaragua. Now, why is it that nobody else anywhere in the world -- certainly not in Latin America, you said it, nobody in your group, nobody in the Middle East in response to Bill's question -- why is it that nobody will support the contra operation?

MR. ABRAMS: Well, first, I think I testified last week I believe there had been a small contribution from [redacted] to

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Pastora prior to the time that I got here, just for the sake of the record, in '83 or 4 or 2 or something. Why? Maybe -- I -- well, who knows? I don't know. Maybe because they think they are going to lose, because nobody has ever unseated a communist government. Maybe they think because if it is a serious enough problem, we'll take care of it. Maybe because they think that if they do it in conjunction with us that it will leak. In a lot of cases, because they don't support the contras. I mean, that is the easiest answer. That is, that probably includes the largest number of countries, especially in Latin America.

In other cases, they don't have the resources. I mean, just to mention a name, if [redacted] were bathed in oil money, I suppose we might get a contribution from [redacted] But it isn't.

SENATOR BRADLEY: How about we don't restructure their debt?

MR. ABRAMS: This is an argument that we have never tried before.

[redacted]

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[redacted]

SENATOR BRADLEY: Could I ask you just one question. When -- who told you to go to [redacted] for the account?

MR. ABRAMS: No one.

SENATOR BRADLEY: No one.

MR. ABRAMS: No one. I do not recall any conversation -- that is, you mean to ask to have an account set up?

SENATOR BRADLEY: Yeah.

MR. ABRAMS: No one. It seems to me I recall -- I do not recall any conversation -- in other words, there came a time when I saw that I was going to have a meeting with an official of this foreign government. This time was -- well, we'll supply it, but it seems to me that it was August of 86 that the meeting took place. So prior to that meeting. I do not recall asking

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anybody what do I do. You see, it was very closely held in the Department, so I couldn't have asked anybody on my staff. Nobody in ARA knew about it. And I don't recall asking Hill or Platt or the Secretary or anybody what do I do. It seems to me I made that decision.

SENATOR BRADLEY: So no one authorized you to ask [redacted] for the account number.

MR. ABRAMS: As far as I can recall, I never discussed it with anybody else. Now, after the establishment of the account, a number of people knew about it. That is to say, we respected-

SENATOR BRADLEY: You asked [redacted] to establish the account?

MR. ABRAMS: To figure out a way to have an account established by the contras.

SENATOR BRADLEY: But that was your decision? No one above you? You didn't check with anybody?

MR. ABRAMS: I don't recall checking with anybody.

SENATOR BRADLEY: Any what did [redacted] say when you said could you help me establish an account?

MR. ABRAMS: He said yes.

SENATOR BRADLEY: He gave an immediate response?

MR. ABRAMS: My recollection is he said, I can get somebod to do that. I can get one of them to do that. Yeah. I'll pas the message.

SENATOR BRADLEY: So he clearly believed he didn't have to be authorized?

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MR. ABRAMS: Well, again, none of this was kept in any sens secret within the highest levels of the agencies. For example, Clair George knew that there was an account established which they called sort of the Abrams Account. He knew that [redacted] had been sent down to open this account for UNO and that it was sitting empty. So [redacted] -- I don't know at what stage, that is, maybe [redacted] said yes, but check with Clair before doing. I don't know. But [redacted] is not the only person in the Agency who knew about this, just as I was not the only person --

SENATOR BRADLEY: But when you asked him, he said yes.

MR. ABRAMS: That is my memory.

SENATOR BRADLEY: Just like I ask you, you say yes, in the same room at the same time.

MR. ABRAMS: Phone call, secure phone call -- my memory.

SENATOR BRADLEY: But it was, think you can do this? Two seconds, the other end of the line; yes.

MR. ABRAMS: My memory -- his memory is better and I think his memory was yeah, we'll have [redacted] go down and open up an account. Instant response as I recall.

THE CHAIRMAN: Any other?

(Discussion off the record regarding schedule.)

MR. McMAHON: I have got a couple more quick questions her quickly here for the record.

Do you know anything about travel by Mr. Nestor Sanchez

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during late November of this year to Geneva, Switzerland?

MR. ABRAMS: November of this year, like a few weeks ago?

MR. McMAHON: Yes.

MR. ABRAMS: Well, let me think if I knew even that Nestor was out of the country.

MR. McMAHON: He had a long planned trip and deviated from his schedule the day after the announcement by Attorney General Meese, and changed his itinerary to include Switzerland. Do you know anything about that trip?

MR. ABRAMS: No, sir.

THE CHAIRMAN: For whom is Nestor currently employed?

MR. ABRAMS: He is Deputy Assistant Secretary of Defense.

MR. McMAHON: For International Security Affairs.

You mentioned in your testimony that Colonel North took several trips to Central America, but the only trips that you are aware of are those that he took as part of your party or a party?

MR. ABRAMS: Part of my party, I think.

MR. McMAHON: You were unaware of individual trips that he made to Central America on his own?

MR. ABRAMS: I would be surprised if he had never made any but he went with me a few times -- it may well be that I knew of other trips in which he did not go alone. That is, where he may have gone down with Galvin or he may have gone down with you know, some other high ranking official.

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MR. McMAHON: You know of no trips that he made by himself

MR. ABRAMS: I do not know of any trips he made by himself but I would have to say that I kind of assumed that he was going down there from time to time.

MR. McMAHON: Why did you make that assumption?

MR. ABRAMS: Because he had very good connection with the contras, and I don't think that he could have kept them up any more than I could o[redacted] could without going down there from time to time.

MR. McMAHON: But you never made any efforts, since that is the area of your responsibility, to know what the National Security Council action officer, in your description, was doing in Central America, or when he was doing it.

MR. ABRAMS: I was never aware of any such trips. I mean you are asking -- you give me the question now.

MR. McMAHON: I asked you if you ever tried to find out.

MR. ABRAMS: No, I never tried to find out, and I am unawa of any trips that Ollie made which I was not on.

MR. McMAHON: But you have a suspicion he did.

MR. ABRAMS: As you asked me the question, I have to give you my -- the honest answer is my suspicion is that he probabl did. But I was unaware of any at the time and I am unaware of any now. He did go down roughly, order of magnitude, in the year and a half I've been doing this, six times with me. Never alone with me but as part of groups that included me.

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MR. McMAHON: That's all the questions I have, Mr. Chairman

THE CHAIRMAN: All right. Mr. Abrams, thank you for the testimony that you have provided. You are requested to remain available for further proceedings at the call of the Chair. You will also remain under oath in the event that further proceedin requiring your attendance are called.

The Committee further admonishes you not to discuss your testimony today with any other persons involved in the matter under investigation in this hearing.

Do you understand the admonition?

MR. ABRAMS: Let me ask. That is to say, for example, that if [redacted] says to me what happened in the Committee room, I should say I am not allowed to tell you.

THE CHAIRMAN: That's right. And or anybody else.

MR. ABRAMS: Obviously Ollie North or -- pardon?

THE CHAIRMAN: Could be George Shultz.

MR. ABRAMS: Well, now, what about --

THE CHAIRMAN: Anybody in the State Department is subject to call.

MR. ABRAMS: Let me just clarify that. If the Secretary says, how did it go, I should say --

THE CHAIRMAN: It went wonderfully.

MR. ABRAMS: Do I have that on the authority of the Chairman? It's a serious question actually. What do I say? I am not permitted to say anything or --

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THE CHAIRMAN: That's right. And I think the -- I mean it is appropriate for you, in light of the discussion about country X, that you demonstrate to -- well, two things I get an impression of out of this meeting. One, you can share with him certainly without being specific about who said what to whom, the concern that everybody on the Committee expressed abou the difference between the November 25th hearing and this hearing. I think that's -- apart from this investigation, the Secretary of State ought to be aware of that just as you were made aware of it.

MR. ABRAMS: Just as a matter of Congressional relations.

THE CHAIRMAN: And then I am sure it is appropriate to indicate the reaction you got with regard to country X, which I think you got here today. Behind that, I think, at least just on my part, is a concern that the -- that the State Department can make certain judgments about what should or should not be available to this Committee because it, quote, "doesn't have an intelligence involvement." And no so much that that is important to this investigation. It is probably more important to the relations between the Department of State and this Committee on matters in which there is some overlap.

So I think there is a concern here that we couldn't be told I for one appreciate why the Secretary is taking that position

MR. ABRAMS: With respect to the name of the country and anything else, am I supposed to do anything. You are doing a

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UNCLASSIFIED

subpoena, so I don't have to produce any information on that.

THE CHAIRMAN: No, I don't think there is anything you have to do.

MR. ABRAMS: Thank you.

THE CHAIRMAN: Thank you, very much.

(Whereupon, at 5:24 o'clock p.m., the hearing was adjourned.)

- - -

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EXHIBIT EA-31

UNCLASSIFIED ~~TOP SECRET~~ [redacted]

UNCLASSIFIED

Mr. Johnson. The congressional strategy?

Mr. Abrams. Yes. Basically we almost had -- when I arrived the $27 million came very quickly, so we didn't talk about that much. I guess the foundation had been laid before my arrival, because I got there in late July and the $27 million was approved in August.

No. I mean, if you think that you are going to sit aroun with somebody like General Moellering and discuss illegal fund raising, you are nuts.

Mr. Johnson. I can't qualify it with the word illegal. You obviously are very creative down there in terms of what can be done legally. It strikes me this is the most pressing issue in the region, the contra policy is clearly the thing.

Mr. Abrams. No, no, no. We had just succeeded. I came on board in August and the first thing that happened was we got $27 million bucks and we spent a long time trying to get the Nicaraguan humanitarian aid office set up and funding and distributing money.

The second thing we did was I got authorized by the President to begin to take soundings on the Hill as of Novembe or do, in December, after Thanksgiving, we started our program to get the hundred million. We in the State Department knew exactly what to do. Spend the $27 and get the hundred, and [redacted] a gap between [redacted] what to do, which

[redacted]

Mr. Johnson. So despite the fact you characterized the $27 at the time as totally inadequate in terms of amount, unworkable in terms of restrictions and the contras needed a lot more stuff and they were constantly painted as not having enough and this is I think fair to say, in the Administration's view, the most important policy pusring in the region, and this just didn't come up, this problem?

Mr. Abrams. Sure it came up. It came up in the first month in getting the $27 million, and then it came up in figuring out how to spend the $27 million, and then it came up in figuring out how to get the hundred million. That was our job. Our job was not to go out and get little old ladies in Texas to give us money, and we didn't do that.

Mr. Oliver. Can you give me a list of the people who participated in the familiarization program in 1985 and 1986?

Mr. Abrams. Sure.

Mr. Kurz. I just have one question. When you dealt with Ollie North, were those dealings directly between the two of you or did those communications, coversations, meetings often occur with your deputies?

Mr. Abrams. Oh, yes. It was a complete mixture. That is, a certain amount of it was Ollie and me, usually on a

Exhibit EA-32

MR. McFADDEN: Do you have any knowledge that it is a proprietary of Project Democracy?

MR. ABRAMS: No.

MS. WILKINS: Can I ask who you thought built the airstrip? What was your understanding of who used the airstrip, who built it, what it was there for?

MR. ABRAMS: My understanding was nobody ever used the airstrip. Maybe that's wrong, but that it had never quite gotten into operation.

My memory is that when I was in Costa Rica, which, again, I place as sort of March - April - May in 1986, somebody was building an airstrip, not that there was an airstrip. And then Arias was sworn in I think August 8, so my understanding is it was never used.

What was it? Well, as I say, we knew that there were outside benefactors. We knew that the Contras were getting lots of, at least ammunition, getting military equipment -- if not cash, then at least military equipment. And I think it is fair to say that everybody involved in the RIG knew that Ollie was somehow connected with this but did not know how.

Once he said to me -- and I think to Rich Armitage -- that he was absolutely straight and that he was not violating the law -- I think Rich asked him are you violating the law -- and once he said to me, I don't

UNCLASSIFIED

EXHIBIT
EA-32

remember the context, I have never solicited any, I am not violating the law.' And once he said to me everything that I may be doing I have passed by the White House Counsel.

So, that satisfied my --

MS. WILKINS: I'm just trying to understand how you learned of it, if you didn't have a good idea of what it was, that Ollie just mentioned there was this trip --

MR. ABRAMS: It's perfectly plausible.

MS. WILKINS: -- with no --

MR. ABRAMS: I think we use the term "benefactors." Benefactors are people who are actually building an airstrip [redacted] And it was perfectly plausible to me that the person who would know about this was Ollie, because he had the most information about this private network. He had a lot more information about it than the CIA did.

I think most of us were careful not to ask lots of questions, other than once in a while, to say is this all okay, is this stuff legal -- once in a while.

I had some reassurance of that when he said it had been run by the White House Counsel.

MS. WILKINS: Did the Secretary know that it was there, the airstrip?

~~TOP SECRET~~

EXHIBIT EA-33

NICARAGUA

MIAMI HERALD 30 APRIL 1986 Pg. 8

Colonel's actions may have broken contra aid ban

By ALFONSO CHARDY
Herald Washington Bureau

WASHINGTON — A conservative Texan says a Marine colonel working in the White House referred him to fund-raisers for the Nicaraguan contras last year despite a congressional ban on administration involvement with the rebels.

Philip Mabry, a Fort Worth security consultant, said National Security Council staffer Lt. Col. Oliver North invited him to the White House in February 1985 after hearing Mabry wanted to help the contras, then set up a subsequent meeting for Mabry with a Washington, D.C., fund-raiser who solicited money for the contras.

Mabry's statements have provided the first glimpses at the inner workings of the well-oiled private contra support machine that — with White House encouragement — developed after Congress suspended contra aid and prohibited the administration from further involvement with the rebels in October 1984.

The new details of North's White House activities have raised questions about whether the Marine officer's efforts to channel private aid to the contras broke the law.

A congressional source said that in 1984 the National Security Council, on North's recommendation, endorsed in a confidential memorandum that U.S. military planes ferry private aid supplies to Central America. Last year The New York Times reported that North was providing tactical military advice to the contras.

Now, three congressional committees are planning to conduct hearings into the administration's contra contacts and related themes. Administration sources said the White House has advised North to retain his own legal counsel in the face of the mounting congressional scrutiny.

Around The Americas

Administration sources intimately involved in the contra program said in interviews that North organized and supervised an informal system to locate and screen private donors and then arranged for supplies and contributions to reach the contras.

A State Department intelligence analyst, for example, said North had provided his office with the name of a private security consultant to whom potential contra aid donors were to be referred.

Administration sources said North began his quiet activities during the congressional ban on U.S. government help to the contras, which began in October 1984 and lasted until last summer, when Congress approved a resumption of nonlethal contra aid.

North refused to comment on the allegations. An administration official authorized to reply to queries, however, denied North was guilty of wrongdoing.

"Oliver North has not been involved in illegal activities," the official said. The official refused, however, to address specific assertions about North's role.

Other administration officials confirm, however, that North acted repeatedly on behalf of the contras, especially in channelling potential donors to the rebels.

In a recent telephone interview from Fort Worth, Mabry said he had collected supplies for the rebels after Congress ended covert aid but became disillusioned because of suspicions that rebel leaders stole donations.

Mabry said the office of Edwin Meese — then the White House counselor — had responded to his initial inquiries about how to help the contras by giving him North's telephone number. Meese is now attorney general.

North responded to Mabry's inquiries with a call of thanks, then invited Mabry to Washington for a meeting at his office in February 1985, Mabry said.

North asked Mabry to help the White House rally public support to pressure Congress to renew contra aid, but did not specifically request cash or supplies for the contras, Mabry said.

But when Mabry told him he wanted to collect supplies, North picked up the phone and arranged a meeting — for the same day — with Andy Messing, executive director of a private anti-Communist group, the National Defense Council.

At the meeting, Mabry said Messing pressed him for a large cash donation to the contras, grew irritated when Mabry held back — "slapping a $100,000 check on the table" to illustrate the kind of money needed — then walked out, Mabry said.

Messing's National Defense Council has shipped large quantities of "humanitarian aid" to refugees in Honduras and El Salvador in an effort, he says, to fight communism through demonstrations of U.S. generosity.

One of Messing's former employees said in an interview, however, that Messing's "humanitarian aid" has been directed to the contras. Tom Davy, the employee, described his personal participation in laying the contra aid pipeline, saying supplies were collected in the United States, transported to El Salvador and on to Honduras for distribution to the contras.

In a telephone interview, Messing confirmed meeting Mabry and said it "might have been Ollie" North who arranged the meeting. But Messing denied supplying the contras.

North has met frequently with Messing, as well as with two other conservatives closely associated with the contras, Messing said.

One is retired Army Maj. Gen. John Singlaub, who has boasted

CONTINUED BELOW

publicly of raising funds to buy weapons for the contras.

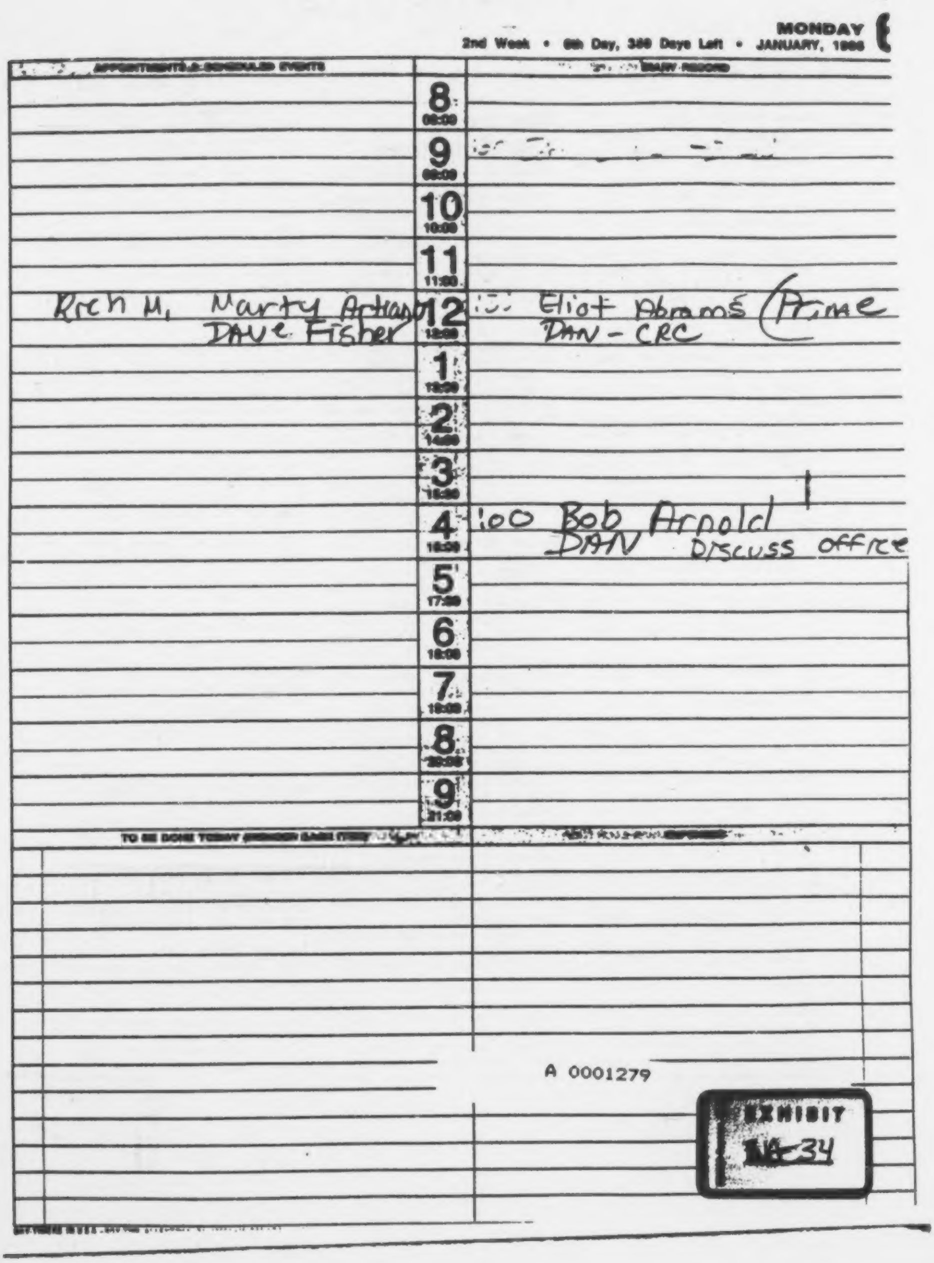
The other is Rob Owen, a former lobbyist for South Korea who is now a $51,000-a-year consultant to the contra leadership.

Owen's fee was paid by the State Department's Nicaraguan Humanitarian Assistance Office, the agency disbursing "humanitarian" aid to the contras.

Owen was reported out of the country and reluctant to talk to reporters.

EXHIBIT
EA-33

EXHIBIT EA-34



MONDAY 6
2nd Week • 6th Day, 359 Days Left • JANUARY, 1986

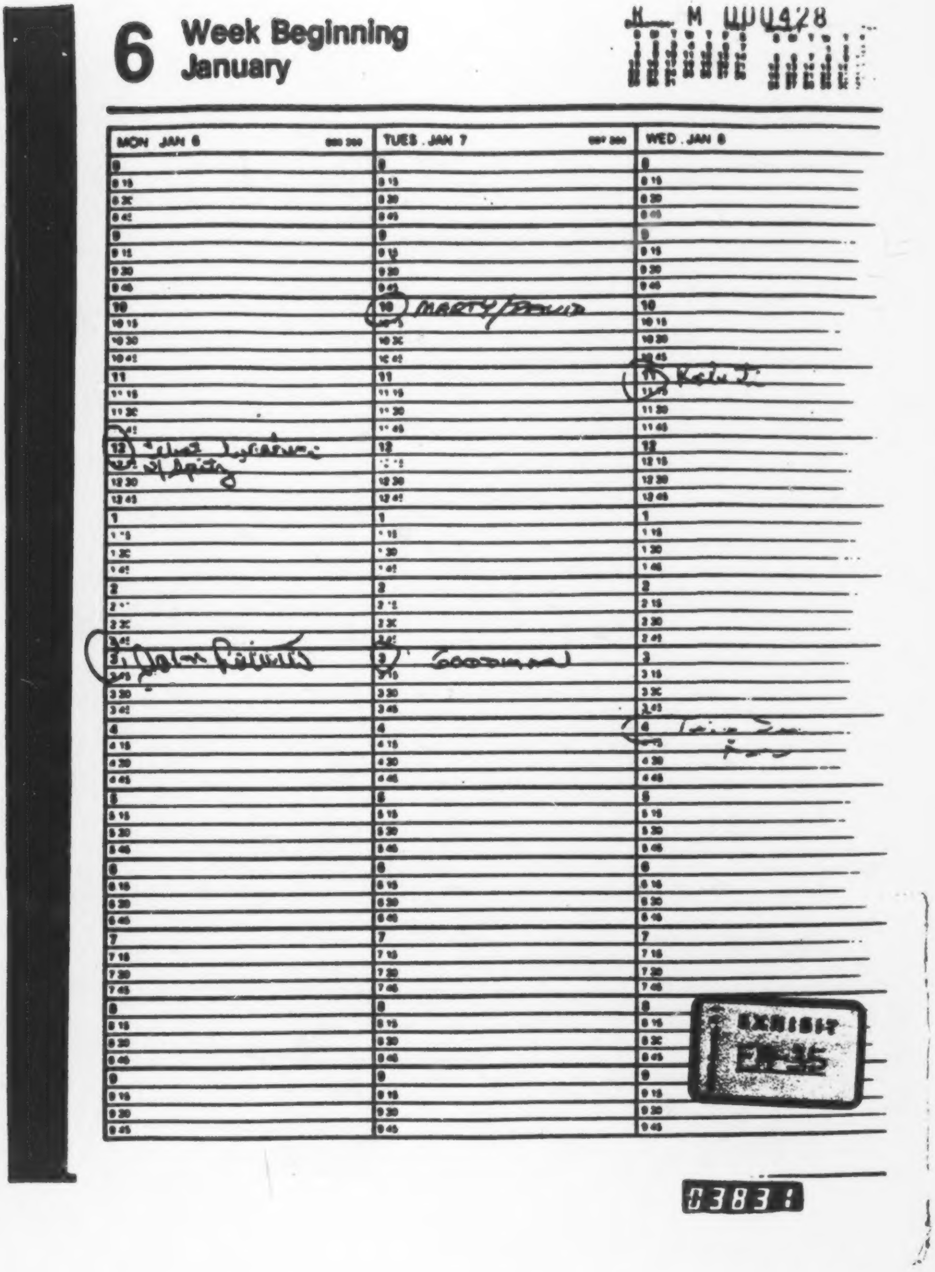
APPOINTMENTS & SCHEDULED EVENTS | DIARY RECORD

APPOINTMENTS & SCHEDULED EVENTS		DIARY RECORD
	8 08:00	
	9 09:00	
	10 10:00	
	11 11:00	
Rich M, Marty Artiano Dave Fisher	12 12:00	:30 Eliot Abrams (Prime DAN - CRC
	1 13:00	
	2 14:00	
	3 15:00	
	4 16:00	:00 Bob Arnold DAN Discuss office
	5 17:00	
	6 18:00	
	7 19:00	
	8 20:00	
	9 21:00	

TO BE DONE TODAY

EXHIBIT
EA-34

EXHIBIT EA-35



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6 Week Beginning January

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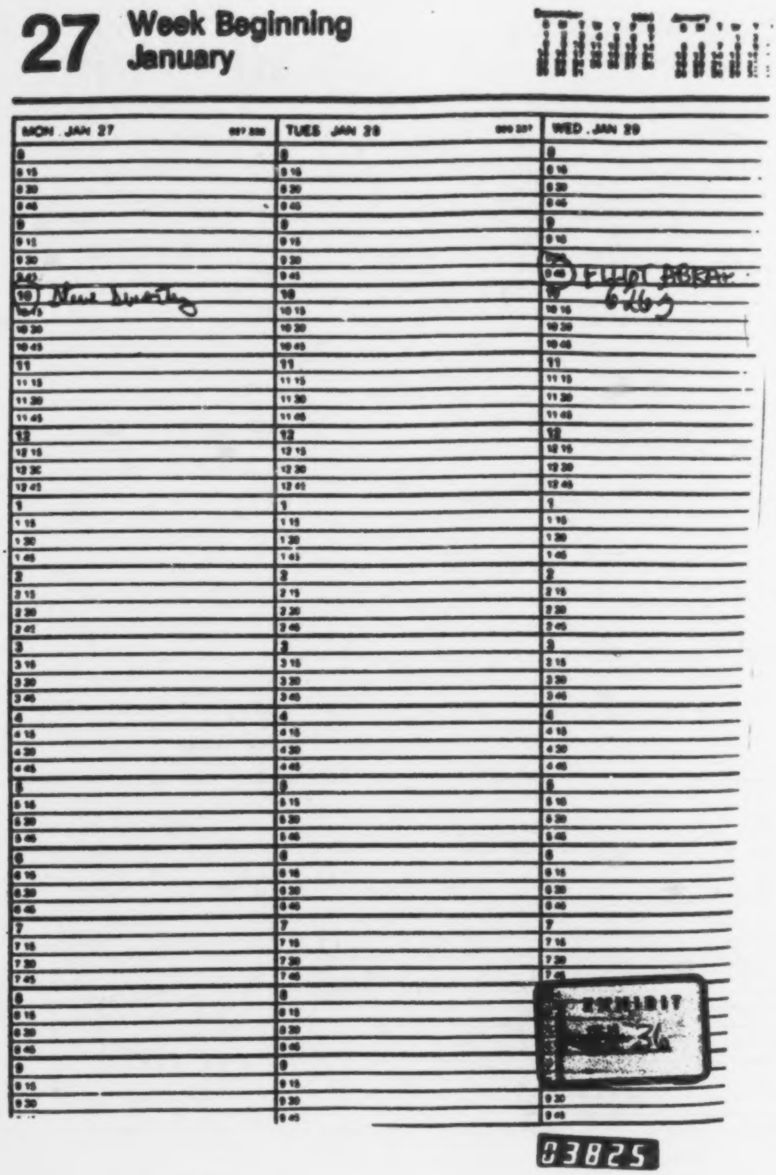
EXHIBIT EA-35

EXHIBIT EA-36



27 Week Beginning January

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9 45	9 45	9 45 ELLIOT ABRAMS
10 Steve Danzansky	10	10 6263
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7 15	7 15	7 15
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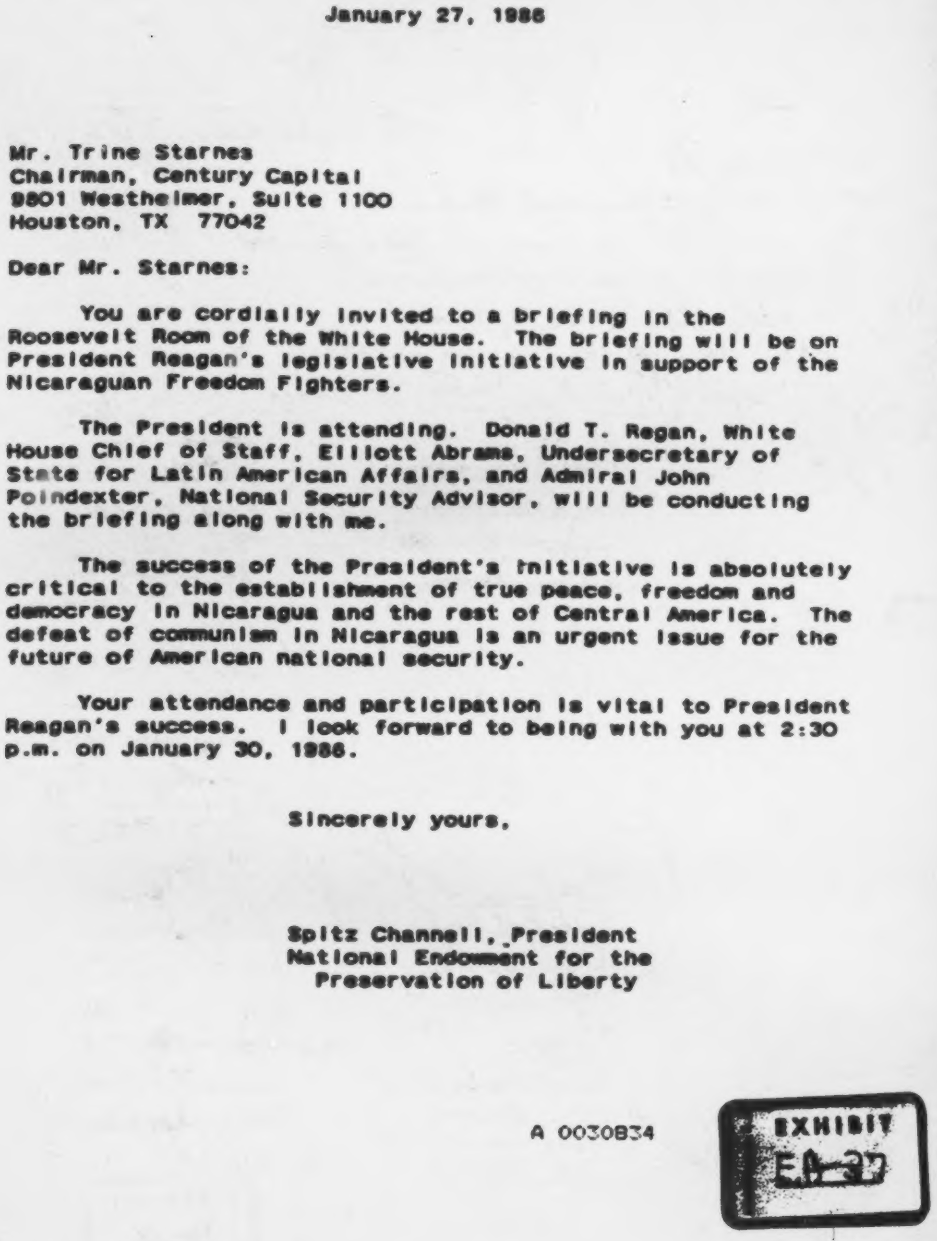
EXHIBIT EA-37



January 27, 1986

Mr. Trine Starnes
Chairman, Century Capital
9801 Westheimer, Suite 1100
Houston, TX 77042

Dear Mr. Starnes:

You are cordially invited to a briefing in the Roosevelt Room of the White House. The briefing will be on President Reagan's legislative initiative in support of the Nicaraguan Freedom Fighters.

The President is attending. Donald T. Regan, White House Chief of Staff, Elliott Abrams, Undersecretary of State for Latin American Affairs, and Admiral John Poindexter, National Security Advisor, will be conducting the briefing along with me.

The success of the President's initiative is absolutely critical to the establishment of true peace, freedom and democracy in Nicaragua and the rest of Central America. The defeat of communism in Nicaragua is an urgent issue for the future of American national security.

Your attendance and participation is vital to President Reagan's success. I look forward to being with you at 2:30 p.m. on January 30, 1986.

Sincerely yours,

Spitz Channell, President
National Endowment for the
Preservation of Liberty

A 0030834

EXHIBIT
EA-37

EXHIBIT EA-38

10/7

10 –
10 30
11 –

To Do

- invite Kuykendahl (Rich)

- placecards
- seating arrangements @ dinner
- call CPAC: re: dinner + Ellen Garwood
- Angela, arrivals + departures
- invite Lloyd Unsell to dinner
- call people @ WH re: dinner invitation
70 copies of Insider's Daily for dinner

WH packets
- CAFP
Dinner packets
1 RR letter
2 CAFP proposal

~~Spitz~~
~~David + Paula Warms~~
~~Fred + Ruth Sacher~~
~~Ellen Garwood~~
~~John + Nancy Ramsey~~

Frank

Adolfo Calero
Jane
Diane Roberts
Ralph Hooper
Taine Stegmas
Adam Goodman
~~Guilford Dudley~~
Kris
~~Bill O'Neil~~
Paul Arnason
~~Ken + [illegible]~~
Tom + Angelica Clagg
Frank Gomez
John + Nancy Ramsey
Cliff Driscoll ✓
~~Guilford Dudley~~
David Witts ✓
M/M Brandon ✓
~~Mrs. Mary King~~
Lupe Murchison ✓
~~Mary Adamkiewicz~~
Barbara Christian –

Bob Goodman + Ken + [illegible]
Fred + Ruth Sacher
Dan Conrad
Bill O'Neil

Abrams
David + Paula Warm
Ellen Garwood
Spitz Channell
Mrs. Mary King
Rich Miller

Mary Adamkiewicz

EXHIBIT
EA-38

MONDAY

10th Week • 62nd Day, 303 Days Left • MARCH, 1986

APPOINTMENTS & SCHEDULED EVENTS

DIARY RECORD

8

9

10 :30 Spitz be at Norteast

MEETING

10:30 - Northeast Gate

Cabinet Rm of WHITE HOUSE

SPEAKERS

PRESIDENT

Pat B

Elliott A

John Poindexter

11

12

1

2

3

4

5 :30 Joe Coors [illegible]

HAY Adams

6

7

8

9

TO BE DONE TODAY (NUMBER EACH ITEM)

EXPENSES

EXHIBIT

[illegible]

EXHIBIT EA-40

1024/86 Rich:

briefing in early Sept. for all Nic contributs.

- Green
- Abrams, Eliot
- UND

- Jim Killough + Charlie Blakemore

[redacted]

EXHIBIT EA-41

August 25, 1986

Memo to David Fischer

RE: Draft memo for Don Regan

FROM: Spitz Channell, National Endowment for the Preservation of Liberty and President of Sentinel.

In January 1986, the National Endowment for the Preservation of Liberty and Sentinel initiated a $4.1 million educational and lobbying campaign which eventually reached 25 states. The purpose of this 8 month campaign was to give support to President Reagan's Nicaraguan policies with special focus on the Freedom Fighter aid package the President submitted to the Congress for approval in January.

Many consider this effort to be the largest of its kind devoted to supporting Ronald Reagan on a foreign policy issue in the past 6 years.

Television educational and informational messages were broadcast by the National Endowment for the Preservation of Liberty in 49 Congressional districts and the Distric of Columbia in varying degrees of intensity from March through August (139 days). Ads were broadcast in difficult-to-win Congressional districts whose Congressmen were undecided as to their vote for or against Freedom Fighter aid. Over $2,500,000 went to the television campaign alone.

add a zero

→ 0

$75,000 was spent by Sentinel directly to build Congressional support for President Reagan. This included advocacy television messages in 32 Congressional districts, the production of two 30 minute television documentaries supporting the Nicaraguan Freedom Fighter cause filmed secretly in Nicaragua, active lobbying of Congress by a staff of 5, newspaper ads in major media markets (New York and the District of Columbia), and continuous work with Assistant Secretary, Bureau of Inter-American Affairs, Department of State, Elliott Abrams.

EXHIBIT
EA-41

$600,000 was spent by the National Endowment for the Preservation of Liberty to conduct pro-Nicaraguan Freedom Fighter speaking tours in 27 Congressional districts in the 7 months prior to the first House vote in March on Freedom Fighter aid.

$85,000 was devoted to nine Washington, D.C. briefings with opinion leaders, political activists, and volunteer supporters for the Nicaraguan Freedom Fighter cause.

On the day in June of the historic House reversal, which resulted in a victory for Ronald Reagan on Freedom Fighter aid, it was determined that the National Endowment for the Preservation of Liberty and Sentinel had carried the support program for the President successfully into 32 of the 51 Democratic districts that ultimately stood with Ronald Reagan on this issue.

EXHIBIT EA-42

United States Department of State

Assistant Secretary of State
for Inter-American Affairs

Washington, D.C. 20520

October 17, 1986

Mr. Carl Russell Channell
President
National Endowment for the
Preservation of Liberty
Suite 350 South
1331 Pennsylvania Avenue, N. W.
Washington, DC 20004

Dear Spitz:

With the passage of the Skelton-Edwards amendment in the House and the Senate's reaffirmation of its earlier support for aid to the Nicaraguan democratic resistance, we are beginning a new, historic chapter in U.S. policy toward Central America. This new hope for democracy in Nicaragua could not have been achieved without your assistance.

Your dedication to the democratic cause and your tireless efforts in telling the story of Nicaraguan suffering at the hands of the Sandinistas were crucial elements in developing the public and political awareness that resulted in Congressional victory.

You have set both a standard and a challenge to which we must all aspire if we are to be successful in Central America.

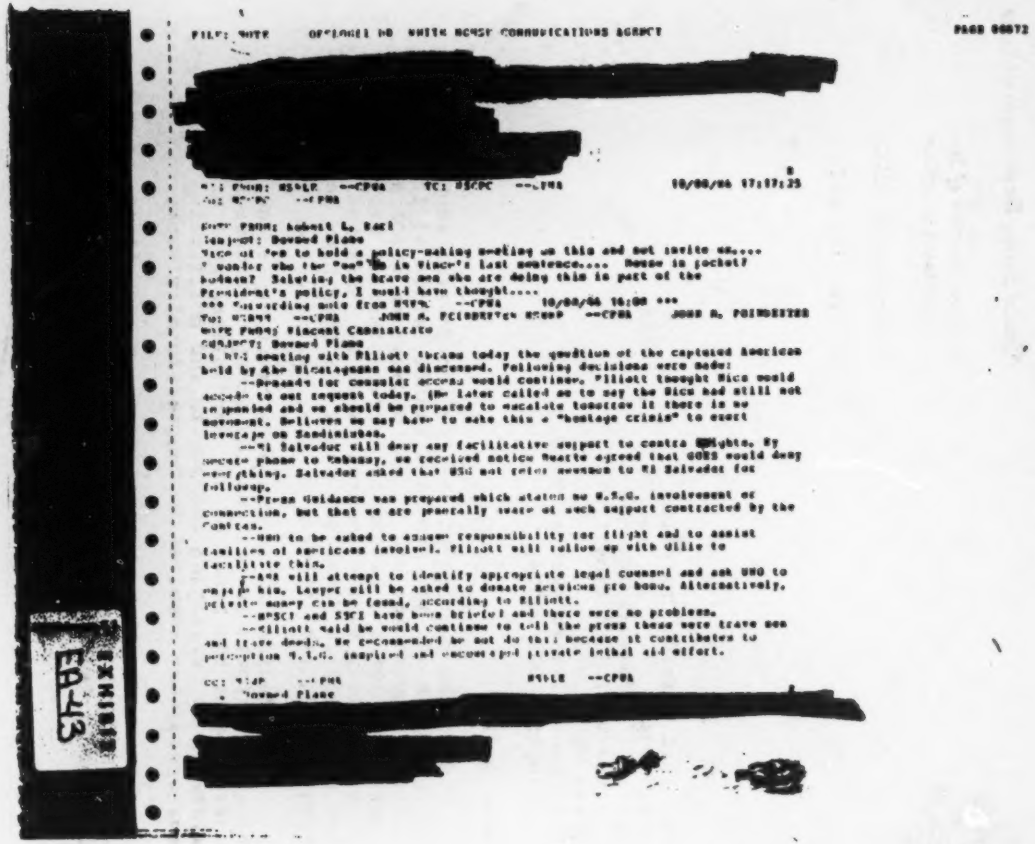
Sincerely,

Elliott

Elliott Abrams

EXHIBIT
EA-42

EXHIBIT EA-43



FILE: NOTE   OFFICIAL HD WHITE HOUSE COMMUNICATIONS AGENCY   PAGE 00072

[redacted]

8
*** FROM: NSRLE   --CPUA   TO: NSCPC   --CPUA   10/08/86 17:17:25
[illegible]: NS[illegible]   --CPUA

NOTE FROM: Robert L. Earl
SUBJECT: Downed Plane
Nice of 'em to hold a policy-making meeting on this and not invite me....
I wonder who the "we" is in Vince's last sentence.... Rouse in pocket?
Rodman? Saluting the brave men who are doing this is part of the
President's policy, I would have thought....
*** Forwarding note from NSVMC   --CPUA   10/08/86 16:08 ***
To: NSJMP   --CPUA   JOHN M. POINDEXTER NSJMP   --CPUA   JOHN M. POINDEXTER
NOTE FROM: Vincent Cannistraro
SUBJECT: Downed Plane
At RIG meeting with Elliott Abrams today the question of the captured American
held by the Nicaraguans was discussed. Following decisions were made:
     --Demands for consular access would continue. Elliott thought Nica would
accede to our request today. (He later called me to say the Nica had still not
responded and we should be prepared to escalate tomorrow if there is no
movement. Believes we may have to make this a "hostage crisis" to exert
leverage on Sandinistas.
     --El Salvador will deny any facilitative support to contra [illegible]ghts. By
secure phone to Embassy, we received notice Duarte agreed that GOES would deny
everything. Salvador asked that USG not refer newsmen to El Salvador for
followup.
     --Press Guidance was prepared which stated no U.S.G. involvement or
connection, but that we are generally aware of such support contracted by the
Contras.
     --UNO to be asked to assume responsibility for flight and to assist
families of Americans involved. Elliott will follow up with Ollie to
facilitate this.
     --ARA will attempt to identify appropriate legal counsel and ask UNO to
engage him. Lawyer will be asked to donate services pro bono. Alternatively,
private money can be found, according to Elliott.
     --HPSCI and SSCI have been briefed and there were no problems.
     --Elliott said he would continue to tell the press these were brave men
and brave deeds. We recommended he not do this because it contributes to
perception U.S.G. inspired and encouraged private lethal aid effort.

cc: NSJP   --CPUA   NSRLE   --CPUA
 . Downed Plane

[redacted]

[redacted]

EXHIBIT
EA-43

Exhibit EA-44

United States Department of State

Washington, D.C. 20520

MA

UNCLASSIFIED

MAY 22 1986

UNCLASSIFIED

SECRET

TO: INR - Morton Abromowitz

FROM: ARA - Elliott Abrams EA

SUBJECT: News Story on Administration Support for Private Donors of Aid to the Nicaraguan Resistance

The Miami Herald carried an article on May 6 concerning the role of the NSC's Ollie North in introducing potential donors to resistance representatives and raised the possibility that North's activities may have violated the Congressional ban on aid to the resistance. The source of the information about North was given as a "State Department intelligence analyst".

The President's request for aid faces an uphill battle for Congressional approval. These reports only make our efforts to gain approval of the President's request more difficult. I hope you will join me in reemphasizing the need for sensitivity in our dealings with the press on this issue.

[redacted]

1 June 87

DOC. 3981c

UNCLASSIFIED

SECRET

DECL:OADR

1045

EXHIBIT

EA-44

United States Department of State
Washington, D.C. 20520

UNCLASSIFIED
SECRET

May 24, 1986

TO: ARA - Mr. Elliott Abrams

FROM: INR - Morton Abramowitz

SUBJECT: News Story on Administration Support for Private Donors of Aid to the Nicaraguan Resistance

Thanks for calling our attention to the Miami Herald article. I have directed that a thorough security investigation be conducted immediately in INR to try to determine if anyone here was in fact a source.

I am troubled however by the statement in your memo that says "the source of the information about North was given as a State Department intelligence analyst." The article (attached) lists the following sources:

--Philip Mabry of Ft. Worth
--"A congressional source"
--"Administration sources"
--"Administration sources intimately involved in the contra programs"
--"A State Department intelligence analyst"
--"Administration sources"
--"An administration official authorized to reply to inquiries"
--"Other administration officials"
--Andy Messing
--Tom Davy

Journalists cover their sources, so that the same source may be quoted more than once (and it is curious that he would seemingly finger INR) but it is clear that there were a goodly number of sources. At all events, given Congressional strictures on the intelligence community in regard to support of the FDN, I don't think Ollie would have given any INR officer the name of a private security consultant to whom potential contra aid donors were to be referred. It would also be surprising that such an event would have gone unreported to our Front Office.

Attachment:
1. Miami Herald Article
2. Abrams/Abramowitz Memo of 5/22/86

SECRET
DECL: OADR

EXHIBIT EA-45

ARA PRESS GUIDANCE　　　　WEDNESDAY, DECEMBER 17, 1986

NICARAGUA: STATE KNEW ABOUT COVERT ARMS SHIPMENTS TO CONTRAS?

Q　Any comment on reports that the Department recieved regular reports about covert arms shipments to the Contras?

-- AS WE HAVE STATED PREVIOUSLY, IT WAS COMMON KNOWLEDGE THAT THERE WERE ARMS SHIPMENTS TO THE NICARAGUAN DEMOCRATIC RESISTANCE, BUT WE WERE UNAWARE OF HOW THE SHIPMENTS WERE FINANCED.

-- THE DEPARTMENT DOES NOT KEEP TRACK OF THE ACTIVITIES OF U.S. CITIZENS OVERSEAS. THIS APPLIES TO U.S. CITIZENS WHO ASSIST THE SALVADORAN GUERRILLAS AND THE SANDINISTA GOVERNMENT AS WELL AS THOSE WHO SUPPORT THE NICARAGUAN DEMOCRATIC RESISTANCE.

-- THE RECORD IS CLEAR THAT WE ENCOURAGED ALL GROUPS AND INDIVIDUALS WHO MAY HAVE BEEN CONSIDERING PROVIDING SUPPORT TO THE RESISTANCE TO SEEK LEGAL COUNSEL TO MAKE CERTAIN THAT THEIR ACTIVITIES WERE CONSISTENT WITH U.S. LAW. U.S. GOVERNMENT AGENCIES DO NOT INVESTIGATE THE ACTIVITIES OF U.S. CITIZENS OVERSEAS IN THE ABSENCE OF A CLEAR INDICATION THAT U.S. LAWS ARE BEING VIOLATED.

EXHIBIT
EA-45

DRAFT:ARA/P:TBTAYLOR
CLEAR:ARA/P:G.LAGANA
ARA:WWALKER/JMICHEL/EABRAMS
2405A 40-41

ARA PRESS GUIDANCE Thursday, October 23, 1986

NICARAGUA: CONTRA AID NETWORK ESTABLISHED BY ADMINISTRATION?

Q. Any comment on today's New York Times report that a private contra aid network was established in 1983 to ensure thatlethal and nonlethal aid would be received by the contras despite any actions the Congress might take, and that Elliott Abrams provided the overall strategy within the Administration?

A. -- I WOULD POINT OUT TO YOU THAT ELLIOTT ABRAMS BECAME ASSISTANT SECRETARY FOR INTER-AMERICAN AFFAIRS IN JULY OF 1985. IN 1983 HE WAS ASSISTANT SECRETARY FOR HUMAN RIGHTS AND HUMANITARIAN AFFAIRS. ACCOUNTS INDICATING THAT HE MASTERMINDED A PROGRAM DEVELOPED IN 1983 TO PROVIDE SUPPORT FOR THE NICARAGUAN DEMOCRATIC RESISTANCE ARE NOT BORNE OUT BY THE FACTS.

-- SUPPLY OF ARMS TO THE NICARAGUAN DEMOCRATIC RESISTANCE APPARENTLY IS BEING CARRIED OUT BY PRIVATE GROUPS, WHICH WE DO NOT CONTROL. THE ADMINISTRATION'S POSITION IS THAT THESE PRIVATE EFFORTS ARE POSITIVE SO LONG AS THEY ARE CARRIED OUT IN A MANNER CONSISTENT WITH U.S. LAW.

Q. How about after he became Assistant Secretary for Inter-American Affairs?

A. -- ASSISTANT SECRETARY ABRAMS HAS STATED THAT HE HAS NEVER BEEN INVOLVED IN ANY WAY IN FINANCING, ORGANIZING, SUPERVISING, OR DIRECTING ANY PROGRAM TO PROVIDE ARMS TO THE NICARAGUAN RESISTANCE. ~~HE STANDS [illegible] THAT STATEMENT~~.

Drafted: ARA/P GLagana
Cleared: ARA RWKagan/WGWalker/JHMichel/EAbrams

Doc. 1620A, 61/II

ARA PRESS GUIDANCE Thursday, October 16, 1986

NICARAGUA/EL SALVADOR: PRIVATE SUPPORT FOR CONTRAS

Q. Is it true that private Americans are supporting the contras by helping to provide arms, and is the U.S. government aware of their activity?

A. -- IT IS COMMON KNOWLEDGE THAT PRIVATE CITIZENS IN THIS COUNTRY AND ELSEWHERE ARE ASSISTING THE NICARAGUAN DEMOCRATIC OPPOSITION. AS WE HAVE STATED MANY TIMES BEFORE, WE DO NOT KEEP TRACK OF THE ACTIVITIES OF U.S. CITIZENS OVERSEAS IN THE ABSENCE OF A CLEAR INDICATION THAT U.S. LAWS ARE BEING VIOLATED. THIS APPLIES TO U.S. CITIZENS WHO ASSIST THE SALVADORAN GUERRILLAS AND THE SANDINISTA GOVERNMENT AS WELL AS THOSE WHO SUPPORT THE NICARAGUAN DEMOCRATIC RESISTANCE.

Q. Is the U.S. government helping them in any way? stet (Q)

A. -- ~~NO. WE HAVE STATED MANY TIMES THAT THE UNITED STATES GOVERNMENT IS NOT INVOLVED IN ANY WAY IN FINANCING, ORGANIZING, SUPERVISING, OR DIRECTING ANY PROGRAM TO PROVIDE ARMS TO THE NICARAGUAN DEMOCRATIC RESISTANCE WHILE OUR INVOLVEMENT IN SUCH ACTIVITIES WAS PROHIBITED BY CONGRESS.~~

A There are Congressional restrictions against such activity and we are obeying the law.

[illegible] wrong? , only A approved by Armacost

Q. ~~Have U.S. officials had unofficial but operational contacts in the U.S. or in the region with private individuals or groups supplying or supporting the contras?~~

A. -- ~~THE UNITED STATES GOVERNMENT HAS NOT BEEN INVOLVED OPERATIONALLY IN ANY WAY IN ACTIVITIES FOR THE NICARAGUAN DEMOCRATIC OPPOSITION IN WHICH THE CONGRESS HAS PROHIBITED U.S. INVOLVEMENT.~~

Q. Has the U.S. government been involved in any other way?

A. -- ~~IT IS COMMON KNOWLEDGE THAT THE U.S. GOVERNMENT POLICY VIEW IS ONE OF SUPPORT FOR THE NICARAGUAN DEMOCRATIC RESISTANCE, AND U.S. OFFICIALS HAVE APPEARED AT RALLIES AND FUND RAISING ACTIVITIES THAT HAVE BEEN REPORTED IN THE PRESS. THE ADMINISTRATION HAS ALSO ANNOUNCED TO THE PRESS MEETINGS OF SENIOR U.S. GOVERNMENT OFFICIALS WITH LEADERS OF THE NICARAGUAN DEMOCRATIC RESISTANCE AND HAS OPENLY ACKNOWLEDGED OTHER SUCH MEETINGS HELD AT THE STATE DEPARTMENT AND OTHER AGENCIES NOT PROHIBITED FROM HAVING CONTACT WITH MEMBERS OF THE RESISTANCE.~~

(Stet

(Crossed out by mistake)

Drafted: ARA/P GLagana
Cleared: ARA JHMichel

Doc. 1620A, 44/I

ARA PRESS GUIDANCE Tuesday, October 14, 1986

EL SALVADOR/NICARAGUA: U.S. INVOLVEMENT IN CONTRA SUPPLY FLIGHTS?

Q. Is the United States government involved in supplying arms to the contras from bases in El Salvador or anywhere else?

A. -- THE UNITED STATES GOVERNMENT IS NOT AND HAS NOT BEEN ORGANIZING, DIRECTING, SUPERVISING, OR FINANCING IN ANY WAY ANY PROGRAM TO PROVIDE ARMS TO THE NICARAGUAN DEMOCRATIC RESISTANCE SINCE OUR INVOLVEMENT IN SUCH ACTIVITIES WAS PROHIBITED BY CONGRESS. [~~THAT INCLUDES DIRECT AND INDIRECT FINANCING, DIRECT AND INDIRECT CONTROL BY GOVERNMENT PERSONNEL, ADMINISTRATIVE SUPPORT, AND FACILITATIVE ASSISTANCE~~.]

10/15/86 -
PA says
kill this
language

Q. Did the State Department know that arms supply activities were being conducted?

A. -- IT IS COMMON KNOWLEDGE THAT SUCH ACTIVITIES HAVE BEEN TAKING PLACE.

Q. What does the government know about the activities of Max Gomez--also known as Felix Rodriguez?

A. -- I BELIEVE THE VICE-PRESIDENT HAS ADDRESSED THAT QUESTION, AND I HAVE NOTHING TO ADD TO HIS STATEMENT. [~~AS FOR THE STATE DEPARTMENT,~~] WE WERE UNAWARE OF ANY ACTIVITIES MR. GOMEZ MIGHT HAVE BEEN CONDUCTING IN SUPPORT OF THE NICARAGUAN DEMOCRATIC RESISTANCE.

Q. How can it be that a U.S. citizen was in El Salvador running a contra supply program without the knowledge of the State Department?

A. -- WE WERE FORBIDDEN BY LAW FROM BEING INVOLVED WITH SUPPLYING THE NICARAGUAN DEMOCRATIC RESISTANCE WITH THE EXCEPTION OF THE HUMANITARIAN ASSISTANCE PROGRAM APPROVED BY THE CONGRESS. WE HAVE OBEYED THAT LAW. [~~BECAUSE OF THE RESTRICTIONS PLACED ON U.S. GOVERNMENT ACTIVITIES,~~ OUR ONLY ~~KNOWLEDGE CAME FROM ROUTINE INTELLIGENCE REPORTING ON CENTRAL AMERICA.~~]

Q. Who is Max Gomez?

A. -- THE VICE-PRESIDENT'S OFFICE HAS ADDRESSED THAT QUESTION. BEYOND THAT, WE DO NOT KEEP TRACK OF THE ACTIVITIES OF PRIVATE CITIZENS.

Q. Salvadoran Armed Forces Chief of Staff Adolfo Blandon has said Gomez was not working for the Salvadoran government. Does the Department maintain that he actually was working for the government of El Salvador?

A. -- AS I STATED, WE DO NOT KEEP RECORDS ON PRIVATE CITIZENS, NOR DO WE KEEP TRACK OF OTHER GOVERNMENTS' PAYROLLS. MR. GOMEZ--OR MR. RODRIGUEZ--WAS NOT EMPLOYED BY THE U.S. GOVERNMENT.

Q. Was the Department aware of his presence in El Salvador?

A. -- YES. BUT, ~~WE WERE AWARE OF THE PRESENCE IN EL SALVADOR OF THIS INDIVIDUAL.~~ AGAIN, WE DO NOT KEEP TRACK OF THE ACTIVITIES OF U.S. CITIZENS ABROAD.

Q. Is Gomez or any other U.S. official working in El Salvador to support the contras?

A. -- I CANNOT SPEAK FOR THE ACTIVITIES OF PRIVATE CITIZENS. THERE IS NOT NOW NOR HAS THERE BEEN ANY U.S GOVERNMENT INVOLVEMENT IN EFFORTS TO PROVIDE MILITARY ASSISTANCE TO THE NICARAGUAN DEMOCRATIC RESISTANCE SINCE SUCH ASSISTANCE BY THE U.S. GOVERNMENT WAS PROHIBITED BY THE U.S. CONGRESS.

Drafted: ARA/P GLagana
Cleared: ARA WGWalker/JHMichel/EAbrams

Doc. 1620A, 28/II

ARA PRESS GUIDANCE TUESDAY, OCTOBER 7, 1986

NICARAGUA: SANDINISTAS SHOOT DOWN USG AIRCRAFT?

Q. What can you tell us about reports from Managua that a USG aircraft was shot down and that the crew with the exception of one member was killed?

A. -- THE [redacted] DETAILS SURROUNDING THE INCIDENT ARE STILL SKETCHY.

-- I CAN TELL YOU THAT THE PLANE AND CREW IN QUESTION ARE NOT AFFLIATED [redacted] WITH THE U.S. GOVERNMENT AND THAT NEITHER THE FLIGHT , THE CREW, THE PLANE, NOR THE CARGO WAS FINANCED BY THE U.S. GOVERNMENT. SANDINISTA ALLEGATIONS THAT THE AIRCRAFT BELONGS TO THE USG AND THAT THE ONE SURVIVING AMERICAN IS A MILITARY ADVISOR IN EL SALVADOR ARE FALSE.

-- ACCORDING TO THE INFORMATION AVAILABLE AT THIS TIME, THERE APPEARS TO BE ONLY ONE SURVIVOR, AND THE SANDINISTA GOVERNMENT CLAIMS THAT HE IS A U.S. CITIZEN. WE UNDERSTAND THAT THE EMBASSY HAS REQUESTED CONSULAR, ACCESS, AND WILL INSIST THAT THE SANDINISTA GOVERNMENT GRANT THAT ACCESS IMMEDIATELY. IF INDEED THE SANDINISTA GOVERNMENT IS HOLDING THE BODIES OF DECEASED AMERICANS, THEN THEY MUST BE RETURNED TO THEIR FAMILIES IMMEDIATELY.

Q. Could this have been a flight sponsored by private donors?

-- IN ORDER TO FILL THE VOID LEFT WHEN U.S. MILITARY ASSISTANCE TO THE NICARAGUAN DEMOCRATIC RESISTANCE WAS PROHIBITED BY THE CONGRESS, THE DEMOCRATIC RESISTANCE FORCES HAVE RECEIVED ASSISTANCE FROM A NUMBER OF PRIVATE DONORS.

Q. What is the U.S. government's view of these private efforts?

A. -- THIS ADMINISTRATION HAS MADE CLEAR ITS SUPPORT FOR THE NICARAGUAN DEMOCRATIC RESISTANCE. WE DO NOT DISCOURAGE PRIVATE SUPPORT AS LONG AS THAT SUPPORT DOES NOT VIOLATE U.S. LAW. THIS SUPPORT HAS BEEN PARTICULARLY IMPORTANT WHILE RESTRICTIONS ON OFFICIAL U.S. GOVERNMENT SUPPORT FOR THE RESISTANCE ARE IN EFFECT. WE HAVE ENCOURAGED ALL GROUPS AND INDIVIDUALS CONTEMPLATING PROVIDING SUPPORT TO THE RESISTANCE TO SEEK LEGAL COUNSEL TO MAKE CERTAIN THAT THEIR ACTIVITIES ARE CONSISTENT WITH U.S. LAW.

Q Since you mentioned the private groups, do you have any idea which of the private groups the aircraft belonged to?

-- WE HAVE NOT YET DETERMINED WHO WAS OPERATING THE FLIGHT. WE CAN STATE CATEGORICALLY, HOWEVER, THAT NEITHER THE PLANE NOR ANY OF THE CREW MEMBERS WERE AFFILIATED WITH THE U.S. GOVERNMENT.

Q. If you have not identified the crew members, how can you state categorically that they are not affiliated with the U.S. government?

A. -- THERE ARE NO U.S. GOVERNMENT SUPPLY FLIGHTS TO THE NICARAGUAN DEMOCRATIC RESISTANCE. SUCH FLIGHTS ARE PROHIBITED BY LAW, AND WE ARE IN FULL COMPLIANCE WITH THE LAW.

Q. What about the humanitarian assistance program? Were you not flying supplies down to the contras while that program was in effect?

-- WHILE THIS PROGRAM WAS IN FORCE, THE UNITED STATES WAS SUPPLYING HUMANITARIAN AND LOGISTICAL ASSISTANCE TO THE RESISTANCE.

-- MORE! MORE! MORE!

-- FUNDS FOR THAT PROGRAM WERE DEPLETED SOME TIME AGO, AND THERE IS CURRENTLY NO PROGRAM TO REPLACE IT. NO U.S. GOVERNMENT AIRCRAFT OR PERSONNEL HAVE BEEN USED TO DELIVER ASSISTANCE TO THE RESISTANCE FORCES.

Q. Where did the flight originate?

A. -- NO COMMENT.

Q. Any response to the charge made yesterday by Congressman Henry Gonzalez (D-Texas) that a military transport plane that crashed Saturday in San Antonio was carrying explosives or had come to pick up explosives for the contras?

A. -- THAT CHARGE IS UNTRUE. THERE ARE NO U.S. GOVERNMENT SUPPLY FLIGHTS BEING CONDUCTED FOR THE RESISTANCE. SUCH ACTIVITIES WOULD BE AGAINST THE LAW, AND THIS ADMINISTRATION IS IN FULL COMPLIANCE WITH THE LAW.

Drafted: ARA/P TBTaylor/GLagana
Cleared: ARA/CEN RGodard/RMelton
CA/OCS/EMR DRabadan
DOD/OASD/PA JFerraro
ARA WGWalker/JHMichel/EAbrams

Doc. 2405A, 56/II

EXHIBIT EA-46

ic—I know he wouldn't want to talk to us, we are just Republican—but the Democratic members of that committee?

Mr. ABRAMS. I would recommend it.

Mr. BARNES. The time of the gentleman has expired. I am sure the Speaker would be happy to talk to the gentleman.

Mr. HYDE. You will suggest that to him in between writing "Dear Commandante" letters to get our man treated more fairly?

Mr. BARNES. The Chair recognizes the distinguished member of the full committee who has joined us for the hearing this afternoon, Mr. Levine of California.

Mr. LEVINE. I thank the gentleman and I want to commend the Chair for calling these hearings. He is doing it at a very difficult time in an effort to adjourn the Congress with a variety of other activities going on and I think he has done a marvelous job, as usual.

I, unfortunately, was not privy to the Intelligence Committee hearing yesterday, and, Mr. Secretary, it is possible you went over some of this at that time.

SAUDI ARABIA INVOLVEMENT IN PRIVATE FUNDING OF CONTRAS

But I believe it is appropriate to review this in public hearings, as well. There have been, as I am sure you know, a variety of newspaper accounts, some dating back several months, alleging—and in these newspaper accounts citing a variety of sources, unnamed, but different sources alleging that there has been explicit Saudi Arabian involvement in the funding of private assistance to the Contras, and, in fact, specifically alleging in several of these stories that as a quid pro quo, if you will, for the United States' sale to Saudi Arabia of the AWACS [Airborne Warning and Control System] approved in 1982, that the Saudis would cooperate in a back door fashion with those efforts that have been occurring privately to fund the Contras.

Most recently, in the past several days, allegations of Saudi involvement in these activities have surfaced on the front page of the Los Angeles Times, on the front page of Newsday, and throughout the chain of the Hearst newspapers, and in most of these stories, one of the links that has been mentioned has been a former Air Force general by the name of Richard Secord.

I don't have any knowledge other than what I have read in these newspapers. They have been so prominent as to reach the front page of the major newspaper in my area, the Los Angeles Times.

I addressed these questions many months ago, when they first occurred, to Assistant Secretary of State Richard Murphy in a hearing of the Europe and the Middle East Subcommittee.

And Secretary Murphy, for whom I have the highest regard, both professionally and personally and who is ordinarily one of the most guardedand cautious and careful of witnesses, instead of responding as he frequently does with saying, "I will have to get back to you, I will have to check, I will have to look into it," gave us a very clear and flat denial.

Mr. ABRAMS. That is correct.

Mr. LEVINE. And said there was no involvement whatsoever. I am interested in your specific response, and having heard the two-

EXHI[illegible]
EA-46

word responses, I am interested in your thoughts as to why these reports continue to recur from such disparate sources, and in the context of these reports they appear to be coming from very different places.

The L.A. Times quoted, I believe, sources in the Contra leadership, whereas Newsday quoted sources in the U.S. Government.

And I am interested in as much information as you might be able to provide to us on this subject.

Mr. **Abrams**. Well, first, Secretary Murphy told you what is true. There have been no arrangements with those characteristics. I remind you of the so-called Pell amendment——

Mr. **Levine**. The what?

Mr. **Abrams**. The Pell amendment, which makes it unlawful to condition United States aid or assistance of any sort on help for the resistance forces in Nicaragua. That would apply to any foreign government.

Now, why do people say this? People say lots of things that are lies. I pick up the newspaper every morning and people say the CIA was involved in this. If they know what they are talking about then they are lying. I cannot even speculate as to why anybody would say it.

Obviously, some people think—well, I can speculate. Some people think they are going to build themselves up with reporters by giving them a scoop, although it happens to be a lying scoop. Maybe they think they are helping or hurting the resistance. I don't know.

All I know is it isn't true.

Mr. **Levine**. Have you read these reports, specifically the one in Newsday——

Mr. **Abrams**. I didn't read it, but I was told about it.

Mr. **Levine**. Let me read you two sentences, and I would be interested in your response to these.

"U.S. Defense sources disclosed yesterday that the flight,"—and this was the Hasenfus flight—"had been paid for by Saudi Arabian funds. This was confirmed by an Intelligence Committee senior staff member."

Had you heard either of those?

Mr. **Abrams**. No, I hadn't. Assuming the reporter talked to a senior staffer, I wish the Intelligence Committee would find out who that person is, because he or she is lying to the press about things never said to the Intelligence Committee.

If they had been said, the staffer needs to go to jail anyway for violating the secrecy of that committee, but that had never been said, so it is just a flat out lie.

Mr. **Levine**. When you do get allegations of this nature, do you or your Department do anything to investigate where they come from, their veracity or anything else about them?

Mr. **Abrams**. We have our hands full investigating leaks from within the administration. We leave the ones from the Hill to your tender mercies.

Mr. **Levine**. The first one was not from the Hill; it was from the Defense Department.

Mr. **Abrams**. No, I have no idea.

Mr. **Levine**. But you make a total, complete, flat denial of the entire allegation. This isn't a question of your not knowing. This is a question of your knowing that it is flatly untrue.

Mr. **Abrams**. I have, in fact—I know Assistant Secretary Murphy said that. I do not believe it is conceivable that such a thing could happen without my knowing about it, given my position.

Mr. **Barnes**. The time of the gentleman has expired. We have a vote on.

Mr. Roth, who is not a member of the subcommittee but a member of the full committee, has been very patient. Have you got a couple of quick questions, Toby? I was going to let the Secretary go.

Mr. **Roth**. If I could just have 30 seconds.

Mr. **Barnes**. Great.

Mr. **Roth**. Thank you, Mr. Chairman.

You have stated no one has yet had access, including the Red Cross or any doctors to Mr. Hasenfus, other than the U.S. consul, who was allowed about 11 minutes with him. I am very much concerned about Mr. Hasenfus, as are all the Members of Congress.

I also have a personal interest in the case of Mr. Hasenfus. He is a constituent of mine. As you know, as we discussed last week, I have asked our mission at the United Nations to request the Secretary General to appoint a special representative to Nicaragua to act as an intermediary and to investigate Mr. Hasenfus physical and psychological condition.

I would appreciate your help in that endeavor and ask the members of this committee to do likewise.

Mr. **Abrams**. Thank you.

I might add, pressure comes from Congress to allow him to be, for example, examined by an independent doctor, say, from the United Nations or something like that, or the International Red Cross in Switzerland, would be very helpful, because it would seem, I think, less political than pressure from the administration might, and might, therefore, move the Sandinistas more.

So, I would hope many Members of Congress would join you, as Mr. Hasenfus' Congressman, in expressing your views as strongly as you have.

Mr. **Roth**. Thank you, Mr. Chairman.

Mr. **Barnes**. I would be happy to join Mr. Roth and any other Members in writing that "Dear Commandante" letter, urging the Sandinistas to permit medical examination of Mr. Hasenfus and permit his wife to visit him.

Mr. Secretary, thank you very much for being with us this afternoon.

The subcommittee will stand in recess until this vote is completed, at which time we will hear the next witnesses.

[Recess.]

Mr. **Barnes**. The subcommittee will reconvene.

Our witnesses who will be appearing before the subcommittee now are the Honorable Robert White, former United States Ambassador to El Salvador; Lt. Col. Edward L. King, retired; and Daniel Sheehan, Esquire.

EXHIBIT EA-47

Congressman John Conyers, Jr.

FIRST DISTRICT, MICHIGAN
UNITED STATES HOUSE OF REPRESENTATIVES

Dear Friend,

I know you share with me a commitment to peace in Central America, and that's why I'm writing you now.

For the twenty-one years I've served as a U.S. Congressman, I've been proud of the desire of most Americans to protect human rights and their willingness to help those less fortunate when help is necessary.

Today our help is desperately needed in El Salvador.

You are no doubt aware of the shocking facts about the human toll of El Salvador's war -- 50,000 persons killed largely by the military and right-wing death squads over the past five years; 500,000 refugees struggling for survival within El Salvador alone.

Now in the Salvadoran countryside, human suffering has taken on a new face -- a face molded, in large part, by the more than $1.7 billion in U.S. aid to El Salvador during the Reagan administration.

And the chief victims are El Salvador's civilians.

Determined to destroy any base for the opposition movement, the Duarte government and the Salvadoran military forces are attacking their own people with unrestrained savagery.

Every day planes bought with U.S. tax dollars fly over countryside considered "enemy territory," machine-gunning, firing mortars and dropping anti-personnel bombs on whatever moves below. Ground forces ruthlessly carry out "search and destroy" missions -- standard procedures ordered by their U.S. advisors.

And every day, caught up in a war not of their making, hundreds of children, women and men are forced to flee their homes in terror of the military's raids or aerial attacks.

A handful of U.S. observers have taken the perilous journey into these war zones. They have brought back bloodchilling testimonies of military massacres.

- Old women unable to run -- mowed down with machine guns.
- Children stabbed, shot and mutilated.
- Babies crying in pain from white phosphorus burns.

EXHIBIT
EA-47

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When the Salvadoran army mounts a drive through a village, the people flee to avoid the wrath of the military. These marches -- called quindas (pronounced "GEEN-duz") -- sometimes last for weeks.

The quindas take a shocking toll on children and the elderly. Often safe drinking water and food are simply unavailable. Without adequate shelter, without medicine, without rest, often the very youngest and the very oldest simply die. As one eyewitness said:

> "Sometimes we have suffered for eight days or ten days without water during the different times when we had to be fleeing. I have two children who died and, really, I blame that on the [military] because they didn't have to die....
>
> "A lot of times when we had to leave, I might be right in the middle of making tortillas or whatever and there was no choice, you just had to leave everything. There have been so many massacres that when you have to leave, you just leave...."

And when the survivors return, bravely determined to rebuild some semblance of a normal life, this is what they find: the military has burned down their houses, killed their chickens and pigs, even razed their newly planted crops. Deprived of their only sources of livelihood and nourishment, they are desperately hungry.

You might well ask: how can this be?

While a wealthy minority controls the bulk of the country's resources, the majority of Salvadorans are trapped in poverty and landlessness. Peaceful attempts at land reform or other democratic change that might ease this chronic impoverishment have been ruthlessly thwarted by the Salvadoran military.

It is not difficult to comprehend why some who oppose the Salvadoran government's war on its own people have fought back in desperation.

But it is difficult to comprehend why the Salvadoran military, in seeking to stop this opposition, is attacking the unarmed population with such ferocious brutality.

In destroying the rural economy and deliberately targeting civilians, Napoleon Duarte's "democratic" government hopes to undercut support for its opposition. But the true sufferers are the innocent.

> "Every time when soldiers have come here they have either burnt the fields or trampled down the new plants, so you

never know. These are things they are doing against the civilian population because we are not [guerrillas] here...."

We can no longer avoid addressing what is being done in our name in El Salvador.

On the floor of Congress, I have adamantly opposed military aid to the Salvadoran government. And, though Congress ended up approving additional U.S. military assistance to El Salvador, I believe the American public stands with me in opposing this tragic use of our tax dollars.

I hope that someday our government will correct itself, just as it finally extricated itself from the Vietnam War. But until that happens, we cannot help but shoulder part of the responsibility for our country's role in heightening the conflict in El Salvador -- and for the human suffering this conflict is causing.

I know that you share my concern for the civilian victims of El Salvador. So I am eager to tell you about a way in which we can help, not hurt, the people of El Salvador.

A small and resourceful organization called New El Salvador Today (N.E.S.T.) is working to provide emergency help for the children, women and men living in economic desperation because of El Salvador's war.

N.E.S.T. is a non-profit tax-exempt foundation which is sending humanitarian aid to those whose lives are most affected by the violence of the U.S.-supported war. Already N.E.S.T. has succeeded in channeling over $225,000 to the civilian populations in El Salvador's war zones.

The situation these thousands of families face is truly a life-or-death emergency.

They lack even the most basic requirements for life:

- Because their crops have been destroyed, they need food.
- Because they had to flee for their lives, leaving everything behind, they need clothing.
- Because they have walked for weeks on end, wearing out what footwear they had before, they need shoes.

And, most of all, despite their incredible resilience and determination, they need our immediate help.

To respond to this urgent need, N.E.S.T. is mounting an Emergency Relief Campaign to raise $100,000 for desperately needed food and everyday necessities.

Because the situation is so critical, N.E.S.T. is appealing to individual Americans like you who care enough to support this Emergency Relief Campaign right now.

I am asking you to give whatever you can -- $25, $35, $50 or more. Your contribution will be used immediately to support N.E.S.T.'s efforts to provide clothing and food for the civilian populations impoverished by this violent civil conflict. These supplies will then be transported at great risk -- often on people's backs -- into El Salvador's war zones.

Our government sends billions of dollars to El Salvador that destroy lives. Here is a chance to send something to save human lives.

And it takes so little to help! Simply fill out the enclosed reply form and return it with your tax-deductible contribution -- whatever you can afford to give.

As a supporter of N.E.S.T.'s Emergency Relief Campaign, you will have the satisfaction of knowing that you are helping to redress the destruction being done by the U.S. military aid sent to El Salvador.

On behalf of N.E.S.T. and the people of El Salvador, I thank you.

Sincerely,

John Conyers

Congressman John Conyers, Jr.
1st District, Michigan

P.S. Every day is critical now for the people of war-torn El Salvador. So, please, don't put this letter aside. I urge you to take a moment to send in your contribution to N.E.S.T.'s Emergency Relief Campaign today.

JC/rmk

28 April 1986

To my dear friends at NEST:

We wish to express our gratitude for the many times you have come to our aid over these last years. On this occasion the 29,350 colones ($5,000) Tracey has delivered will help us to meet our most critical needs, the most urgent of which is food. Because of a recent operation carried out in our region by the government armed forces, we have lost all our goods such as corn, beans, and crops, leaving us without the means to feed our children.

We want you to know that your help gives us strength, and reminds us that we are not alone. Please continue your work, as we know that we are not the only ones in need of your vital assistance.

With infinite gratitude,

Evaristo Lopez
Maria Serrano

Evaristo Lopez and
Maria Serrano

PHOTO ADAM KUFELD

THESE CHILDREN
fled their village in Chalatenango, El Salvador, when army bombers destroyed their homes, fields and livestock. Now they and their families are returning to rebuild their lives—

AND YOU CAN HELP THEM.

$15 will buy one hand plow. $25 will provide one month's supply of vitamins for 150 children. $35 will plant one half acre of beans. $50 will pay for enough medicine to treat 30 people for malaria. $100 will plant an acre of corn. $1000 will provide enough tools and farm equipment for an entire village.

N·E·S·T
NEW EL SALVADOR TODAY

HELP N.E.S.T. BRING NEW LIFE TO CHALATENANGO— AND ALL OF EL SALVADOR

2718 TELEGRAPH AVENUE, SUITE 201 BERKELEY CA 94705

EXHIBIT EA-48

EXHIBIT
EA-48

Congressman Mervyn M. Dymally

Washington, D. C.
Wednesday afternoon

Dear Fellow American Citizen,

The United States is deeply involved in a civil war in El Salvador -- a war which has cost over a billion taxpayer dollars, killed 50,000 Salvadorans, and driven over one and a half million more from their homes.

U.S. arms provide firepower in the Salvadoran civil war. U.S. advisors provide training and oversight, and U.S. pilots use infra-red equipment to identify targets.

The war will not stop without your help.

There are three things you can do to help stop the bombing in El Salvador and end U.S. aid to the Nicaraguan Contras. But before telling you what they are, I must make clear how seriously I view this situation.

During my six years on the Foreign Affairs Committee, I have listened to witnesses chronicle our deepening military involvement in Central America. In my Los Angeles County home district, Salvadoran refugees have told me about the high human toll of the war.

Sporadic news reporting fails to convey a full picture of the intensity of the fighting or of its impact:

- Our tax dollars fund an escalating air war which features daily bombings of civilian areas. U.S.-trained pilots fly AC-47 gunships which can put a bullet in every square foot of an area the size of a football field -- within three seconds.
- Since January, the Salvadoran military has been conducting "Operation Phoenix" -- a massive drive to depopulate Guazapa Province, a few miles north of El Salvador's capital city.
- Once, 50,000 people -- mainly farmers -- lived in the area around the Guazapa Volcano. Now, less than 1,500 civilians are estimated to be left. The army has methodically killed livestock, burned fields and fruit trees, and destroyed food stocks -- all violations of the Geneva Accords.
- According to an April 18th report from the Christian Committee for the Displaced of El Salvador, Operation Phoenix has produced 245 civilians murdered, including 5 pregnant women; 1,345 civilians captured; and 13 villages totally destroyed.

On January 13, 1986 the Washington Post (p. A21) reported, "El Salvador's Roman Catholic Archbishop [Arturo Rivera y Damas] said he witnessed a government aerial bombardment of a populated

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area during his pastoral visit to guerilla-controlled areas this week ... he witnessed the bombing last Monday as residents of the embattled northern Chalatenango Province were singing songs of welcome to him.... Defense officials denied that there was any bombing in the area where Rivera y Damas visited."

The American people and their representatives in Congress must not allow our government to support the bombing of civilians. That is why the U.S. Committee in Solidarity with the People of El Salvador (CISPES) is organizing a National Emergency Campaign to Stop the Bombing. I ask you to support the campaign.

Members of CISPES are working in local communities across the country, informing their neighbors about the threat of full-scale war in Central America -- and asking them to also take action.

With 450 committees in towns and cities in all 50 states, and close working relationships with many other organizations, CISPES is ideally suited to inspire public opposition to the widening U.S. role in Central America. Through films, slide-shows, and public discussions in churches, community centers, and homes, CISPES' volunteer members are showing Americans what is really happening in Central America.

In its 5-1/2 years of existence, CISPES has helped hundreds of thousands of Americans take action for peace -- many for the first time.

** CISPES efforts have motivated thousands to call Members of Congress and to write letters voicing opposition to the U.S. war in Central America.

** CISPES volunteers are breaking through the news media blackout on El Salvador. Op-ed articles, letters to the editor, and newspaper ads are telling the facts. "Stop the Bombing" bus and subway placards are up in urban transit systems across the country.

** CISPES has sent hundreds of thousands of dollars to help meet the basic human needs of those in El Salvador suffering from war. In 1985 alone, CISPES grassroots committees sent over $180,000 in humanitarian aid.

My House and Senate colleagues have access to the same information as do I. "War stories" will not change their votes -- unless they also know that a consensus in opposition to the war is building among their own constituents.

Through organization, that consensus can be built. That is why CISPES is embarking on a two-year educational campaign in 50 key Congressional districts. With trained full-time organizers, CISPES will reach the unconvinced, recruit volunteers and build effective opposition to the bombing.

With generous initial contributions, CISPES has begun the effort -- and already shown results in Congress:

- 47 Members of Congress have co-sponsored a resolution by Rep. John Conyers condemning the continuing human rights violations in El Salvador and calling for a halt to the indiscriminate air and ground attacks on civilians.

- At CISPES' urging, House Ways and Means Chair Dan Rostenkowski wrote letters to our colleagues, David Obey, Chair of the Foreign Operations Appropriations Subcommittee, and Michael Barnes, Chair of the Western Hemisphere Subcomittee of the Foreign Affairs Committee. He voiced opposition to the Administration's supplemental request of $54 million in Central American police training funds.

  The police training measure failed -- thanks in part to the opposition of Rep. Rostenkowski and other members of Congress contacted by CISPES.

- Following Rep. Rostenkowski's letter and thousands of letters from CISPES members, Rep. Barnes held Subcommittee hearings on the human rights situation in El Salvador.

- Rep. Frank Annunzio, a former supporter of military aid to El Salvador, credits CISPES members in his district with changing his point of view about the effects of that aid in El Salvador.

But now our government is escalating the U.S. military role in Central America in ways reminiscent of the expansion of the war in Vietnam -- and we must all redouble our efforts to respond.

Here are the three things YOU can do RIGHT NOW to help STOP THE BOMBING:

1) Write a check to CISPES today for $35 -- or for $25, $50 or $100 -- and send it to us in the enclosed postage-paid envelope.

   The day-to day work of CISPES is carried out by volunteers, and the CISPES staff are paid subsistence wages. But other expenses are unavoidably high. To finance its National Emergency Campaign to Stop the Bombing, CISPES must raise over $45,000 in the next two weeks -- and most of it must come from individuals like yourself.

2) Sign the "Urgent Reply Memorandum" I am enclosing and return it along with your contribution. We need to obtain thousands of signatures as part of CISPES' effort to deliver these pledges by the truckload to Members of Congress. Your representatives must recognize that you want them to act to stop the bombings.

3) If you wish to participate actively in your local community as well, write down your phone number on the enclosed reply memorandum. CISPES staff or other volunteers in your area will contact you with details about grassroots activities in which you may take part.

The Reagan Administration and the Congress are at a crossroads. You can help point out the right path.

One path leads to peace and economic justice. It is the route to the recognition of human rights and the sanctity of human life.

The other path -- the way of death squads and massive bombardment -- leads to large-scale death and destruction. We took that path in Southeast Asia.

Let us not allow our government to lead us down that path again.

Sincerely,

Mervyn M. Dymally

MERVYN M. DYMALLY
Member of Congress
Committee on Foreign Affairs

P.S. Your check for $100 or more will be tax-deductible if made payable to the "Institute for Effective Action". Contributions will fund CISPES' ongoing educational work.

RACS

Cong. Mervyn M. Dymally

CISPES

P.O. Box 50139

Washington, DC 20004

RACS PKG. NO. 24789-4

SPECIAL NOTES ON ENCLOSURE

☐ MATERIAL INSPECTED
☒ POSTAGE PAID
☒ DELIVERY DATE CHECKED
☒ RECIPIENT NAME CONFIRMED
☐ ADDRESS OF RECIPIENT CONFIRMED

TO:
ENCLOSED INFORMATION FOR THE ADDRESSEE LISTED BELOW

DELIVERY ADDRESS

BULK RATE
U.S. POSTAGE PAID
PERMIT NO. 131
HOWARD LAKE, MN

TO END INTERVENTION
UNFOLD THIS FORM

* RECIPIENT PLEASE NOTE:
* IMPORTANT INFORMATION
* ON ATTACHED REPLY COPY
* BENEATH THIS FORM.
*

PLEASE EXPEDITE: DATED MATERIAL ENCLOSED

RACS ALL RIGHTS RESERVED

RACS FORM NUMBER 1147-87-84 REVISION AFTER JULY 23, 1984

PLEASE COMPLETE ALL DELIVERY INFORMATION NEEDED IN BOXES 1-4

ADDRESSEE COPY

(Detach here)

URGENT REPLY MEMORANDUM

REPLY COPY

To: CISPES National Office
P. O. Box 50139
Washington, DC 20004

YES, you can count on me to help CISPES' fast-growing national grassroots organizing campaign to stop the bombing in El Salvador and end U.S. aid to the Nicaraguan Contras.

Here is my gift (payable to "CISPES") for:

( ) $35 ( ) $100 ( ) $25 ( ) $50 ( ) $______

( ) Rep. Dymally may use my name in his effort to persuade his colleagues on the House Foreign Affairs Committee to stop the bombing.

( ) CISPES may contact me about local CISPES efforts to end U.S. intervention in Central America. My phone number is (___) _______.

Signed ______________________________

REPLY COPY

( ) I am sending my check along with this form in the postage-paid envelope included in your "Jet Express" envelope.

U.S. Committee
In Solidarity
With The
People of
El Salvador
CISPES

Dear Friend,

Since I began my involvement with CISPES, just five years ago, I have been fortunate to see our work move many thousands of people from despair to action.

I've come to learn first-hand what I always sensed was true: that most Americans want to end the war in Central America, but they need to be given hope — and a way to help.

CISPES is giving them just that. Our nationwide campaign to Stop the Bombing in El Salvador is bringing people all across the country together to educate themselves and their neighbors — and to act.

Most importantly, we're putting pressure where it's needed most. In 50 key Congressional districts, CISPES is helping tip the balance on critical legislation. Never before have I seen such an opportunity to make an important difference -- and you can help.

Your gift of $35 will support a CISPES organizer in the field for one day -- and every additional gift will keep us out there just that much longer.

So, won't you please help? Together I believe that we really can stop this brutal and immoral war.

Thank you so much,

Angela Sanbrano

Angela Sanbrano
National Coordinator

P.O. Box 50139, Washington, D.C. 20004 • National Office • 202-887-5019 • 930 F Street, NW No. 720, Washington, D.C. 20004
Regional offices in: Boston, MA • New York, NY • New Orleans, LA • San Francisco, CA • Los Angeles, CA • Chicago, IL • Boulder, CO

EXHIBIT EA-49

CABLE 1

VZCZCSNI 610
PP RUEHC RUEHGT RUEHTG RUEHMU RUEHSJ
DE RUEHSN #5218/01 3390130
ZNR UUUUU ZZH
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FM AMEMBASSY SAN SALVADOR
TO RUEHC / SECSTATE WASHDC PRIORITY 7246
INFO RUEHGT / AMEMBASSY GUATEMALA 2181
RUEHTG / AMEMBASSY TEGUCIGALPA 0153
RUEHMU / AMEMBASSY MANAGUA 0092
RUEHSJ / AMEMBASSY SAN JOSE 0145
BT
UNCLAS SECTION 01 OF 02 SAN SALVADOR 15218

E.O. 12356: NA
TAGS: PGOV, PREL, ES
SUBJECT: THIRD/FOURTH US-BASED FMLN/FDR SUPPORT
- ACTIVITIES UNDERWAY

REF: A) SAN SALVADOR 14988 B) SAN SALVADOR 15158
- C) SAN SALVADOR 8057
-

1. SUMMARY: THE FMLN/FDR CONTINUES EFFORTS TO ACTIVATE ITS US-BASED SUPPORT NETWORK. COORDINATED BY THE WASHINGTON-DC-BASED NATIONAL OFFICE OF SALVADORAN COMMUNIST PARTY FRONT-ORGANIZATION CISPES (COMMITTEE IN SOLIDARITY WITH THE PEOPLE OF EL SALVADOR) FOUR ACTIVITIES HAVE BEEN INITIATED IN THE PAST FEW WEEKS: THE NOVEMBER 13-15 FENASTRAS LABOR CONVENTION (REF A), THE NOVEMBER 22-23 UNTS/CISPES CONFERENCE (REF B), AND THE NOVEMBER 30-DECEMBER 4 MEDICAL AID FOR EL SALVADOR VISIT. A FOURTH EFFORT BY BERKELEY, CALIFORNIA-BASED NEW EL SALVADOR TODAY (NEST) IS ALSO UNDERWAY TO RAISE FUNDS FOR FMLN PROJECTS IN FPL AREAS OF INFLUENCE IN CHALATENANGO PROVINCE. END SUMMARY.

2. MAES: MEDICAL AID FOR EL SALVADOR (MAES) AIRCRAFT AND 32 MEMBER DELEGATION ARRIVED IN EL SALVADOR NOVEMBER 29. CHARTER AIRCRAFT DELIVERED MEDICAL SUPPLIES TO THE ARCHBISHOPRIC OF SAN SALVADOR. POINT OF CONTACT IN THE ARCHBISHOPRIC'S OFFICE IS REV. OCTAVIO CRUZ, WHO HAS BEEN IDENTIFIED BY DEFECTORS FROM THE FMLN-CONTROLLED NON-GOVERNMENTAL HUMAN RIGHTS COMMISSION AS A POINT OF CONTACT OF THE FMLN IN THE ARCHBISHOPRIC. WE CAN NOT CONFIRM THIS ASSERTION. DELEGATION BEGAN A FOUR-DAY FACT FINDING VISIT INCLUDING BRIEFING BY CHARGE DECEMBER 1. IN DISCUSSION, DELEGATION MEMBERS, WHO INCLUDED REPRESENTATIVES FROM SEVERAL OTHER U.S. PEACE AND CHURCH GROUPS, DESCRIBED MAES AS A NON-PARTISAN HUMANITARIAN ORGANIZATION PRIMARILY CONCERNED ABOUT THE INTERNATIONALLY PROTECTED MEDICAL RIGHTS OF CIVILIANS LIVING IN AREAS OUTSIDE GOVERNMENT CONTROL (NOTE: CONGRESSIONAL SPONSORS OF MAES INCLUDE: REPS.CONYERS, GEORGE BROWN, GEORGE CROCKETT, RON DELLUMS, JULIAN DIXON, MERVYN DYMALLY, WALTER FAUNTROY, THOMAS FOGLIETTA, ROBERT GARCIA,

EXHIBIT
EA-49

/CSNI 811

SALVADORAN COMMUNIST PARTY HEAD SHAFIK HANDAL AND ON THE CISPES-CIRCULATED STATE DEPARTMENT DISSENT MEMO ENTITLED "DISSENT PAPER ON EL SALVADOR AND CENTRAL AMERICA" DATED NOVEMBER 6, 1980 WHICH WAS IDENTIFIED BY THE DEPARTMENT AS A KGB ACTIVE MEASURE. ACTIVITY OVER THE PAST FEW WEEKS BY THESE FRONT GROUPS IS CONSISTENT WITH THE PATTERN ESTABLISHED BY CISPES SINCE ITS INCEPTION. END COMMENT.
DLOUHY
BT
#5219

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VZCZCSNI 811

MICKEY LELAND, PARREN MITCHELL, PETE STARK, BRUCE VENTO AND SEN. TOM HARKIN). MAES REPS DEFENDED THE AUGUST 1985 PROGRAM TO PROVIDE MICROSURGERY FOR CAPTURED PRTC-MEMBER NIDIA DIAZ AS CONSISTENT WITH GROUP'S DECLARED CHARTER. GROUP MEMBERS DID NOT COMMENT ON JUNE 19, 1985 PRTC ASSASSINATION OF EMBASSY MARINES, DIAZ'S EXCHANGE FOR THE KIDNAPPED DAUGHTER OF PRESIDENT DUARTE OR HER CURRENT BROADCASTS FOR RADIO HAVANA. GROUP WAS DENIED A MEETING WITH PRESIDENT DUARTE BUT DID MEET WITH OTHER GOVERNMENT OFFICIALS, INCLUDING EMC CHIEF GENERAL BLANDON. VISIT HAS RECEIVED VIRTUALLY NO PUBLIC NOTICE IN THE LOCAL MEDIA.

3. NEST: A FOURTH FMLN SUPPORT ACTIVITY IS ALSO UNDERWAY. NEW EL SALVADOR TODAY (NEST) HAS BEGUN A FUNDRAISING DRIVE FOR PROJECTS IN FPL-INFLUENCED AREAS OF NORTHERN CHALATENANGO. NEST DEFINES ITSELF AS "A TAX-EXEMPT NON-PROFIT FOUNDATION SENDING HUMANITARIAN AID TO THOSE WHOSE LIVES ARE MOST AFFECTED BY THE VIOLENCE OF THE U.S. SUPPORTED WAR." OTHER LITERATURE STATES THAT "TODAY, IN AREAS PROTECTED BY THE FMLN, ZONES OF CONTROL, 300,000 SALVADORANS ARE BEGINNING TO LIVE NEW LIVES, TO BUILD A NEW SOCIETY." AMONG NEST'S BOARD OF DIRECTOR'S IS BERKELEY, CA. MAYOR GUS NEWPORT (NEWPORT IS IDENTIFIED AS A MEMBER OF THE WORLD PEACE COUNCIL AND THE U.S. PEACE COUNCIL. THE LATTER IS A MEMBER OF THE ADVISORY COUNCIL OF CISPES.THE U.S. PEACE COUNCIL IS RUN BY MEMBERS OF THE COMMUNIST PARTY USA).

4. CONGRESSIONAL TESTIMONY: MAYOR NEWPORT TESTIFIED IN THE MAY 14, 1986 HEARINGS BEFORE THE HOUSE WESTERN HEMISPHERE SUBCOMMITTEE ON THE "AIR WAR" IN EL SALVADOR CONCERNING HIS MARCH 1985 VISIT TO FPL "ZONES OF CONTROL" IN CHALATENANGO. THIS IS THE SAME AREA VISITED IN SEPTEMBER-OCTOBER 1985 BY MEDICAL AID FOR EL SALVADOR DIRECTOR SAND BRIM AND PRESIDENT CHRISTINA CORTWRIGHT (NOTE: DAVE CORTWRIGHT IS EXECUTIVE DIRECTOR OF SANE AND WAS A PARTICIPANT IN THE UNTS CONFERENCE. SUSANNA CEPEDA, IDENTIFIED TOGETHER WITH FENASTRAS US-REP FRANCISCO ACOSTA AS A
BT
#5218

NNNN

S SECTION 02 OF 02 SAN SALVADOR 15219

12356: NA
: PGOV, PREL, ES
ECT: THIRD/FOURTH US-BASED FMLN/FDR SUPPORT

TOR OF THE UNTS CONFERENCE AND AS A FORMER
ER OF THE RAINBOW COALITION AND SANE, IS ALSO
TIFIED BY NEST AS A MEMBER OF THE NEST BOARD OF
RSERS REPRESENTING SANE). ALL OF THE ABOVE WERE
FED BY THE EMBASSY NOVEMBER 24.

THE NEST FUNDRAISING REQUEST WENT OUT UNDER THE
ATURE OF REP. JOHN CONYERS (D-MI) WHO ALSO
IFIED IN THE MAY 14, 1986 HEARINGS. (NOTE: REPS.
ERS, DYMALLY AND DELLUMS HOSTED A RECEPTION
OMING NEST TO WASHINGTON JULY 10, 1986.
OTTIA SCOTT, AA TO CONYERS SUBMITTED A STATEMENT
THE RECORD IN THE MAY 14 HEARINGS ON HER TRAVEL
24-MAY 4, 1986 TO CHALATENANGO AS A MEMBER OF A
DELEGATION). REF (A) NOTED THE PARTICIPATION OF
REP MICHAEL URQUHART AT THE UNTS/CISPES
ERENCE AND THAT HE HAD ALSO TESTIFIED IN THE
ING ON BEHALF OF THE WASHINGTON AREA LABOR
ITTEE ON CENTRAL AMERICA AND THE CARIBBEAN.
E: EILEEN PURCELL, WHO TESTIFIED IN THE HEARING
EHALF OF SAN FRANCISCO ARCHBISHOP JOHN QUINN

UTIVE DIRECTOR OF THE SALVADORAN HUMANITARIAN AID
ARCH AND EDUCATION FOUNDATION (SHARE). PURCELL
ELLED TO EL SALVADOR IN LATE OCTOBER AS PART OF
MASS ADVANCE TEAM).

MEMBERS OF THE VARIOUS VISITING GROUPS HAVE ALL
CATED TO THE EMBASSY THAT THEY INTEND TO CONTINUE
R EFFORTS TO TERMINATE US MILITARY ASSISTANCE TO
ALVADOR, THAT THEY BELIEVE THE CLIMATE WILL BE
OVED IN THE WAKE OF THE IRAN-CONTRA ISSUE, AND
THEY INTEND TO PRESS EARLY ON IN THE NEW SESSION
ONGRESS FOR HEARINGS ON THE FINDINGS OF THEIR
ENT VISITS.

COMMENT: IN ANTICIPATION OF CONGRESSIONAL
INGS BASED ON THE RESULTS OF THEIR VISITS AND THE
IREMENT TO PREPARE CONGRESSIONAL TESTIMONY,
SSY RECOMMENDS THAT DEPARTMENT EARLY ON ESTABLISH
MEMBERS OF THE RELEVANT COMMITTEES THE
GROUND ON THE ORGANIZATIONS MENTIONED IN EMBASSY
RTING. CISPES LITERATURE OPENLY STATES ITS
PORT OF THE FMLN/FDR. FURTHER BACKGROUND ON
PES AND THE INTERLOCKING RELATIONSHIPS OF THE
OUS FRONT GROUPS IS CONTAINED IN THE NOVEMBER 9,
STATEMENTS FOR THE CONGRESSIONAL RECORD BY REPS.
E, CRANE, AND BLILEY. THE THREE STATEMENTS
ORDED AT THAT TIME ARE BASED ON A STUDY OF CISPES
LISHED BY J. MICHAEL WALLER OF THE UNITED STUDENTS
AMERICA FOUNDATION. THE WALLER DOCUMENT IS BASED
TIALLY ON THE FARID HANDAL DOCUMENT RELEASED BY
DEPARTMENT WHICH EXPOSED THE ESTABLISHMENT OF
PES IN OCTOBER 1980 BY FARID HANDAL, BROTHER OF

ZCSNI 811

1986 CISPES fundraising campaign

VZCZCSNI 001
RR RUEHC
DE RUEHSN #5295/01 3392320
ZNR UUUUU ZZH
R 052319Z DEC 86
FM AMEMBASSY SAN SALVADOR
TO SECSTATE WASHDC 7054
BT
UNCLAS SECTION 01 OF 02 SAN SALVADOR 15295

E.O. 12356: NA
TAGS: PGOV, PINT, US, ES
SUBJECT: BACKGROUND ON FMLN/FDR U.S. SUPPORT CAMPAIGN

REFS: A) SAN SALVADOR 15219 B) SAN SALVADOR 15158
- C) SAN SALVADOR 14790
-

1. FOLLOWING IS ARTICLE FROM JULY/AUGUST 1986 ISSUE OF ALERT (DESCRIBED IN THIS PUBLICATION AS FOLLOWS: "ALERT IS THE NATIONAL PUBLICATION OF THE COMMITTEE IN SOLIDARITY WITH THE PEOPLE OF EL SALVADOR (CISPES). FOUNDED IN OCTOBER 1980, CISPES SEEKS TO EDUCATE AND MOBILIZE PUBLIC OPINION AGAINST U.S. INTERVENTION IN EL SALVADOR AND CENTRAL AMERICA AND IN SOLIDARITY WITH THE FMLN-FDR, THE LEGITIMATE REPRESENTATIVE OF THE SALVADORAN PEOPLE. CISPES ACTIVITIES INCLUDE FUNDRAISING AND LEGISLATIVE CAMPAIGNS, EDUCATIONAL AND OUTREACH PROGRAMS, AND MASS MOBILIZATIONS, CONDUCTED ON NATIONAL, REGIONAL, AND LOCAL GRASSROOTS LEVELS.)

2. BEGIN TEXT OF ARTICLE: MATERIAL AID TRAINING MOBILIZES FOR $1/4 MILLION GOAL

CISPES HAS CLOSED ITS CAMPAIGN TO STOP THE BOMBING, AND HAS NOW BEGUN A NEW CYCLE OF MATERIAL AID FUNDRAISING AS PART OF OUR CAMPAIGN TO PROMOTE PEACE WITH JUSTICE IN EL SALVADOR.

THE CULMINATING EVENT OF "STOP THE BOMBING" TOOK PLACE ON JUNE 28 IN WASHINGTON, D.C. - A DINNER TO BENEFIT CISPES' HEALING THE WOUNDS OF WAR MEDICAL CAMPAIGN IN WHICH CISPES PLEDGED TO RAISE $130,000 FOR MEDICAL AID FOR EL SALVADOR AND SALVADORAN MEDICAL RELIEF FUND. THE DINNER ITSELF RAISED OVER $1,500, AND FEATURED AS SPEAKERS GUS NEWPORT, THE MAYOR OF BERKELEY, CA, AND VIOLETTA DELGADO, A SALVADORAN PHYSICIAN.

CISPES KICKED OFF ITS NEW CYCLE OF MATERIAL AID FUNDRAISING WITH A MATERIAL AID TRAINING IN WASHINGTON, D.C., JULY 9-13. THE NATIONAL COORDINATORS CONFERENCE IN MAY SET THE AMBITIOUS GOAL OF $250,000 TO BE RAISED BY DECEMBER, AND CALLED FOR THIS TRAINING TO HELP US MEET THE CHALLENGE. THE NCC DESIGNATED THE MONEY TO FUND PROJECTS FOR NEW EL SALVADOR TODAY (NEST), MEDICAL AID FOR EL SALVADOR AND SALVADORAN MEDICAL RELIEF FUND.

NEST
MAES
SMRF

14 PEOPLE ATTENDED THE MATERIAL AID TRAINING, REPRESENTING 13 COMMITTEES IN THE NEW ENGLAND, MID-ATLANTIC, MIDWEST, AND NORTHWEST REGIONS. KEN JACOBS, FORMERLY OF NEST IN BERKELY, LED THE TRAINING AS THE NEW NATIONAL OFFICE MATERIAL AID COORDINATOR. HE CONSIDERS THE MOST IMPORTANT CONTRIBUTION OF THE TRAINING TO BE THE TRAINEES' INCREASED UNDERSTANDING OF JUST HOW CRITICAL MATERIAL AID WORK IS IN THE SOLIDARITY MOVEMENT. THE TRAINING ALSO INCREASED PARTICIPANTS' UNDERSTANDING OF HOW TO CARRY OUT MATERIAL AID WORK, PARTICULARLY HOW TO INTEGRATE IT WITH THE REST OF THE PROGRAM. THE PARTICIPANTS LEARNED IN SKILLS WORKSHOPS HOW TO DO OUTREACH, BRING NEW PEOPLE INTO COMMITTEES, AND INCREASE THEIR VISIBILITY WITHIN THE COMMUNITY THROUGH THEIR MATERIAL AID WORK.

Ken Jacobs NEST.
New CISPES material aid coordinator.

ONE OF THE PRIMARY OBJECTIVES OF THE TRAINING WAS TO SHOW THE PARTICIPANTS THAT THEY COULD RAISE A LOT MORE MATERIAL AID THAN THEY THOUGHT THEY COULD - AND THE INSPIRATION PROVED IMMEDIATE. A GOAL OF $1,500 HAD BEEN SET FOR THE HANDS-ON PHONE-BANKING AND STREETWORK, AND THE TRAINEES SURPASSED IT BY RAISING $2,258.

TRAINERS INCLUDED STAFF FROM NEST, THE CISPES NATIONAL OFFICE, AND CISPES REGIONAL OFFICES. DIANE GREENE FROM NEST TOLD THE TRAINEES THAT THOSE WHO RAISE MATERIAL AID FOR EL SALVADOR SHOULD FEEL PERSONALLY RESPONSISBLE FOR THE THOUSANDS OF LIVES THAT ARE SAVED THROUGH MATERIAL AID.

Diane Greene, NEST

BETH WESTGARDE OF SAN FRANCISCO CISPES GAVE A WORKSHOP ON PRODUCING DANCE-A-THONS. BETH HAS WORKED FOR TWO YEARS ON GIVE PEACE A DANCE (GPAD), A 12-HOUR DANCE MARATHON WHICH AFTER THREE YEARS HAS BECOME A BAY AREA TRADITION, AND AN ASTONISHINGLY SUCCESSFUL FUNDRAISER. 3,500 DANCERS PARTICIPTED IN GPAD '86, SPONSORED BY SAN FRANCISCO AND OAKLAND/BERKELEY CISPES AND THE SAN FRANCISCO FREEZE. THE EVENT GROSSED AN INCREDIBLE $110,000, NETTING OVER $70,000,

Beth Westgarde

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UNCLAS SECTION 02 OF 02 SAN SALVADOR 15295

E.O. 12356: NA
TAGS: PGOV, PINT, US, ES
SUBJECT: BACKGROUND ON FMLN/FDR U.S. SUPPORT CAMPAIGN

AND OAKLAND/BERKELEY CISPES EARMARKED HALF OF THEIR SHARE FOR THEIR MEDICAL AID FOR EL SALVADOR PROJECT. (FOR MORE INFORMATION CALL SAN FRANCISCO OR OAKLAND/BERKELEY CISPES AT (415)361-0425 OR (415)644-3636.)

THE PARTICIPANTS AGREED THAT ONE OF THE GREATEST STRENGTHS OF THE TRAINING WAS ITS SUCCESS IN BRINGING TOGETHER PEOPLE FROM DIFFERENT SIZED COMMUNITIES AND DIFFERENT GEOGRAPHIC AREAS TO SHARE EXPERIENCES AND WORK TOGETHER. THE TRAINEES ARE NOW ENERGIZED TO TAKE ON THE $250,000 GOAL; MOST IMPORTANTLY, THEY'RE READY TO TAKE THE TRAINING BACK TO THEIR COMMITTEES AND TO OTHER COMMITTIES IN THEIR AREA, AND PASS ON THE INFORMATION AND THE INSPIRATION THEY RECEIVED.

END OF ARTICLE.

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UNCLAS SECTION 02 OF 02 SAN SALVADOR 15295

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FMLN finances

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DEPT FOR ARA/LPD DIRECTOR KAGAN

E.O.12356: N/A
TAGS: ECON, EFIN, ELAB, PTER, PINS, ES
SUBJECT: GUERRILLA FINANCES--WHERE DOES THE MONEY COME FROM?

1. THIS IS AN ACTION MESSAGE. SEE PARA 20.

2. SUMMARY.

SINCE 1980, THE FARABUNDO MARTI NATIONAL LIBERATION FRONT (FMLN) HAS CONDUCTED A WIDESPREAD GUERRILLA WAR THAT HAS PROVED COSTLY IN HUMAN AND MATERIAL TERMS. THE FMLN RECEIVES MOST OF ITS ARMS THROUGH NICARAGUA AND OTHER COMMUNIST BLOC COUNTRIES. HOWEVER, THE BULK ITS FUNDS COME FROM DONATIONS COLLECTED IN WESTERN DEMOCRACIES AS WELL AS FUNDS CHANNELED TO IT BY SYMPATHETIC HUMAN RIGHTS GROUPS, UNIONS, AND ELEMENTS IN THE CATHOLIC CHURCH. THE FLMN SUPPLEMENTS THIS INCOME WITH CONTRIBUTIONS FROM THE SOCIALIST BLOC AND LOCAL SALVADORAN COLLABORATORS AND INCOME OBTAINED FROM KIDNAPPINGS AND THE COLLECTION OF "WAR TAXES." WESTERN DONATIONS HAVE DECLINED IN THE LAST TWO YEARS, WHILE THE SUPPORT OF SOCIALIST STATES REMAINS STATIC. TO COVER THE RESULTING BUDGETARY SHORTFALL, THE FMLN HAS INCREASINGLY RESORTED TO BANDITRY, EXTORTION AND KIDNAPPING, THE PRIMARY FUNDING SOURCES OF THE 1970'S. IN THE ABSENCE OF NEW SOURCES OF FUNDING, WE MAY EXPECT THESE ACTIVITIES TO INCREASE SUBSTANTIALLY IN THE NEAR FUTURE.

Arms: Soviet Bloc.
Funds: Private aid from western democracies, Sov Bloc local collaborators, "war taxes."

MUCH OF THE INFORMATION FOR THIS REPORT CAME FROM AN INTERVIEW WITH FORMER FMLN GUERRILLA LEADER MIGUEL CASTELLANOS, WHO SERVED ON THE FINANCE COMMITTEE OF THE POPULAR FORCES OF LIBERATION (FPL) IN 1979 AND DEFECTED FROM THE MOVEMENT IN 1985. ADDITIONAL INFORMATION WAS PROVIDED FROM THE DOCUMENTS CAPTURED IN APRIL 1985 WITH NIDIA DIAZ, COMANDANTE OF THE REVOLUTIONARY PARTY OF CENTRAL AMERICAN WORKERS (PRTC)—ANOTHER OF THE FIVE ORGANIZATIONS MAKING UP THE FMLN. SALVADORANS WHO WERE VICTIMS OF GUERRILLA EXTORTION ALSO PROVIDED FIRST HAND ACCOUNTS OF GUERRILLA FUND-RAISING EFFORTS.

INFO from ex-FPL finance committee memb MIGUEL CASTELLANOS.
and DIAZ documents

FOR SECSTATE: THIS DOCUMENT, AS PREPARED BY MISSION, IS UNCLASSIFIED. REQUEST DEPARTMENT REVIEW AND DECLASSIFY. THIS MESSAGE MAY BE READ IN CONJUNCTION WITH SAN SALVADOR 8037 (REVOLUTIONARY NETWORKING) TO GAIN A COMPREHENSIVE VIEW OF GUERRILLA POLITICAL ACTIVITIES IN THE U.S. END SUMMARY.

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3. GUERRILLA FINANCE IN THE SEVENTIES.

DURING THE SEVENTIES, THE SALVADORAN INSURGENCY WAS A SMALL URBAN-BASED FORCE WHICH RELIED ON TERRORIZING THE POLITICAL AND ECONOMIC ELITE FOR MOST OF ITS FUNDS. DUE TO ITS SMALL SIZE, GUERRILLA FINANCIAL REQUIREMENTS FOR FOOD, HOUSING, AND OTHER RECURRING COSTS WERE MODEST; HOWEVER, THE GUERRILLAS HAD TO PURCHASE THEIR ARMS ON THE HIGH-PRICED WORLD MARKET. 1970s THE GUERRILLAS ACQUIRED MOST OF THEIR FUNDS FROM KIDNAPPINGS CONDUCTED IN SAN SALVADOR. THIS ENABLED THEM SIMULTANEOUSLY TO SUPPORT THEMSELVES AND TO TERRORIZE THE URBAN RICH.

4. THE TRANSFORMATION TO GUERRILLA WARFARE: AN EXPENSIVE PROPOSITION.

SPURRED BY GOVERNMENT AND RIGHT-WING REPRESSIVE MEASURES, THE FMLN WAS TRANSFORMED FROM A SELF-SUSTAINING URBAN FORCE INTO A LARGE, RURAL-BASED GUERRILLA ARMY. THIS DRAMATICALLY ALTERED THE NATURE OF THEIR FISCAL REQUIREMENTS. FROM 1980 ONWARD, THE GUERRILLAS NO LONGER HAD TO WORRY ABOUT FINANCING THE

Transition from terrorist group to guerrilla army was expensive.

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PURCHASE OF ARMS AND AMMUNITION. MUNITIONS FLOWED QUANTITY FROM NICARAGUA AND OTHER COMMUNIST BLOC COUNTRIES. THE FMLN HAD ONLY TO GUARANTEE THE SAFE PASSAGE OF THE WEAPONS. AT THE SAME TIME, HOWEVER, GUERRILLA LEADERS FOUND THEMSELVES CONFRONTED WITH MILLIONS OF DOLLARS OF EXPENSES TO PROVISION THEIR RAPIDLY EXPANDING ARMY.

5. WHERE DOES THE MONEY GO?

DIAZ FINANCES

THE DOCUMENTS CAPTURED IN APRIL 1985 WITH PRTC COMANDANTE NIDIA DIAZ INCLUDED A NUMBER OF FINANCIAL DOCUMENTS, AMONG WHICH WAS AN ESTIMATED BUDGET FOR 1984. PROJECTED ANNUAL EXPENDITURES FOR 1984 FOR THE PRTC ALONE WERE ABOUT $580 THOUSAND. HOUSING, FOOD, AND HEALTH-RELATED EXPENDITURES ACCOUNTED FOR THE BULK OF THE PROJECTED OUTLAYS. THE PRTC ALSO BUDGETED $10,240 YEARLY FOR TRIPS TO OBTAIN EXTERNAL FINANCING, $15,762 TO COVER OVERSEAS SUBSCRIPTIONS TO NEWSPAPERS AND MAGAZINES, AND $300 FOR INTERNATIONAL PHONE CALLS. FUNDS WERE ALSO REQUIRED TO PURCHASE AND FUEL VEHICLES AND BUY OTHER PROVISIONS AND SUPPLIES.

6. SUPPORT FROM THE EAST--LET THEM EAT RIFLES.

Commbloc
Provided little $

THE GUERRILLA ORGANIZATIONS ORIGINALLY PLANNED TO OBTAIN THE BULK OF THEIR FUNDS FROM "FRATERNAL SOCIALIST STATES". TO THEIR DISMAY, ALTHOUGH WEAPONS WERE PROVIDED, ONLY CUBA, LIBYA, AND, TO A LESSER EXTENT, NICARAGUA WERE RESPONSIVE TO REQUESTS FOR MONEY. ACCORDING TO CASTELLANOS, FACUNDO GUARDADO, A

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MEMBER OF THE FPL AND OF THE FINANCE COMMITTEE OF THE FMLN, VISITED LIBYA IN 1981. DURING HIS VISIT, COL. MUAMAR QADDAFI OFFERED THE FMLN $4 MILLION IN DIRECT ASSISTANCE. BY 1984, AT LEAST $[illegible] MILLION HAD BEEN DELIVERED. EAST GERMANY, IN CONTRAST, OFFERED ONLY UNIFORMS AND MEDICINE TO THE GUERRILLAS. THE SOVIET UNION IGNORED ALL DIRECT REQUESTS FOR HELP, PREFERRING TO CHANNEL ITS ASSISTANCE THROUGH CUBA. THE EXTENT OF PAST (AND CURRENT) SOVIET ASSISTANCE TO THE FMLN IS THEREFORE VERY DIFFICULT TO ESTIMATE.

1981: Qaddafi offers
$4 million to FMLN

7. DIRECT FUND-RAISING EFFORTS IN THE WEST.

THE WESTERN DEMOCRACIES BECAME THE LARGEST SOURCE OF CASH FOR THE GUERRILLA DURING THE 1980S. THE VARIOUS CONSTITUENT FRONTS OF THE FMLN AND ITS POLITICAL ALLY, THE REVOLUTIONARY DEMOCRATIC FRONT (FDR) SET UP "SOLIDARITY" ORGANIZATIONS IN WESTERN EUROPE, THE UNITED STATES, CANADA, AND OTHER LATIN AMERICAN COUNTRIES. IN CHURCHES AND TOWN HALLS, ON CAMPUSES AND STREET CORNERS, THESE SUPPORT GROUPS PAINTED A HORRIFIC PICTURE OF GOVERNMENT OPPRESSION AND PORTRAYED THE FMLN-FDR AS A FORCE FOR POSITIVE CHANGE. THE RESULTING FUNDS SOON BECAME THE MOST IMPORTANT SOURCE OF INCOME FOR THE FMLN, RAISING MILLIONS OF DOLLARS IN HARD CURRENCY. IN 1982, FOR EXAMPLE, THE "ARMS FOR EL SALVADOR" CAMPAIGN IN WEST GERMANY RAISED APPROXIMATELY $2 MILLION FOR THE POPULAR FORCES OF LIBERATION (FPL).

- the most important
source of income for
the FMLN..."

8. FROM FMLN RECORDS.

THE DOCUMENTS CAPTURED WITH NIDIA DIAZ CLEARLY REFLECT THE DOMINANT ROLE OF EXTERNAL FUNDING AS A SOURCE OF GUERRILLA FINANCING. ONE OF THE DOCUMENTS, DATED APRIL 16, 1984, PROVIDED A COMPLETE ACCOUNTING OF PRTC DOLLAR AND COLON ACCOUNTS IN 1983. DURING 1983, 93 PERCENT OF THE PRTC'S TOTAL ANNUAL REVENUES CAME FROM DIRECT DOLLAR DONATIONS. ACCORDING TO THE CAPTURED FINANCIAL

1983: 93% of
PRTC revenues
from direct cash
contributions.

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RUEHME / AMEMBASSY MEXICO 0761
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RECORDS, TOTAL DOLLAR RECEIPTS CAME TO $389,954. THE PRTC DURING 1983/84 WAS THE SMALLEST OF THE GUERRILLA ARMIES, AND PROBABLY REPRESENTED LESS THAN 10 PERCENT OF THE TOTAL GUERRILLA COMBATANTS IN EL SALVADOR. ASSUMING OTHER GUERRILLA ORGANIZATIONS RECEIVED SIMILAR LEVELS OF DIRECT DOLLAR CONTRIBUTIONS FROM WESTERN SOURCES RELATIVE TO THE SIZE OF THEIR GROUPS, WE CONSERVATIVELY ESTIMATE THAT AT LEAST $4 MILLION WAS DONATED TO THE FMLN IN 1983.

9. DEVELOPMENT PROJECTS--TO FEED HUNGRY GUERRILLAS.

IN ADDITION TO THE DIRECT CONTRIBUTIONS WHICH WERE OPENLY ASSOCIATED WITH THE LEFTIST CAUSE, THE FMLN-FDR SET ITSELF UP IN THE ECONOMIC DEVELOPMENT BUSINESS, THEN PROCEEDED TO SIPHON OFF THE BULK OF THE PROJECT ASSISTANCE TO FMLN COMBATANTS. FORMER FMLN COMANDANTE CASTELLANOS HAS PROVIDED A DETAILED EXPLANATION OF HOW THESE ORGANIZATIONS FUNCTION. IN 1981, GUILLERMO UNGO'S NATIONAL REVOLUTIONARY MOVEMENT (MNR--ONE OF THREE PARTIES BELONGING TO THE FDR) FOUNDED THE SOCIAL ACTION INVESTMENT CENTER (CIAS). THE CIAS COLLECTED DONATIONS FROM HUMANITARIAN ORGANIZATIONS AND THE GENERAL PUBLIC SPECIFICALLY TO SUPPORT FMLN PROJECTS IN EL SALVADOR. THE PROJECTS WERE IN AREAS OF STRONG FMLN PERSISTENCE AND DIRECTED TO THEIR "MASAS" SUPPORT BASE. A TYPICAL PROJECT INVOLVED THE PURCHASE OF SEED AND FERTILIZER FOR PEASANT FOLLOWERS OF THE FPL. ACCORDING TO CASTELLANOS, MANY OF THE PROJECTS WERE FICTITIOUS, CREATED TO IMPRESS WESTERNERS WITH THE FPL'S TECHNICAL SOPHISTICATION, COMPASSION, AND

CIAS

FICTITIOUS PROJECTS

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ECONOMIC NEED. ONLY ABOUT 30 PERCENT OF THESE DONATIONS ACTUALLY REACHED THE PROJECTS; THE FPL USED THE OTHER 70 PERCENT TO MAINTAIN ITS COMBATANTS.

FPL used 70% for combatants.

THE SUCCESS OF THE CIAS-FPL EFFORT ENCOURAGED OTHER FMLN GROUPS TO TAP PRIVATE DEVELOPMENT ASSISTANCE FUNDS TO SUPPORT THEIR WAR EFFORTS. THE PROLIFERATION OF THESE GROUPS AND THE FMLN'S GREED TO MINE THIS RICH AND EASY VEIN WAS COUNTERPRODUCTIVE. SO LITTLE CARE WAS TAKEN TO MAINTAIN THE FACADE OF REQUESTING FUNDS FOR LEGITIMATE DEVELOPMENT PROJECTS, THAT, IN AT LEAST ONE CASE, TWO DIFFERENT GUERRILLA GROUPS PRESENTED VIRTUALLY IDENTICAL PROJECT PROPOSALS TO THE SAME INTERNATIONAL GROUP. THE CIAS AND THE OTHER "DEVELOPMENT" FRONT GROUPS EVENTUALLY LOST CREDIBILITY IN THE WEST. DONOR AGENCIES BEGAN TO REQUIRE DETAILED ACCOUNTING OF THE USE OF THEIR FUNDS, INCLUDING PHOTOGRAPHS OF THE PROJECTS AND COPIES OF RECEIPTS. THE ABILITY OF THE CIAS TO COLLECT FUNDS FOR THE FPL DIMINISHED IN 1984, AND IT WAS EVENTUALLY DISBANDED.

12. MORE FROM NIDIA DIAZ.

THE NIDIA DIAZ DOCUMENTS REFLECT THAT THE PRTC ALSO UTILIZED THE DEVELOPMENT PROJECTS AS A SOURCE OF FINANCE. THE COLON ACCOUNT SHOWS RECEIPTS OF $21,998.52 FROM "PROJECTS" IN 1983, OR FIVE PERCENT OF TOTAL PRTC REVENUES. THE SAME APRIL 1984 REPORT PROJECTS A BUDGET FOR 1984 AND LISTS AS A METHOD TO OBTAIN FUNDS "AN INCREASE IN PROJECTS PROPOSED TO CIAS, DIACONIA, AND OTHER SOURCES." THE PICTURE HAD CLEARLY CHANGED BY 1985. IN A SECTION ENTITLED "THE HUMANITARIAN SOURCE," A DOCUMENT EXPLAINING FINANCING SOURCES DATED 16 MARCH 1985 AND ADDRESSED TO FRONT COMMANDERS CYNICALLY STATES THAT "IN THE LAST FEW YEARS A GOOD QUANTITY OF FUNDS FROM THESE AGENCIES HAS BEEN RECEIVED BY PRESENTING PROJECTS THAT NEED DEVELOPING IN VARIOUS ZONES. . . . IT IS ESSENTIAL TO DEVELOP THE

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PROJECTS IN AN EFFECTIVE WAY SINCE REPORTS HAVE TO BE FURNISHED IN CASE OF A VISIT FROM THE AGENC[illegible] BEING ABLE TO SHOW PROOF, WE LOSE CREDIBILITY A[illegible] OURSELVES OFF FROM THE POSSIBILITY OF RECEIVIN[illegible] RESOURCES.

11. THE CHURCH STEPS IN.

WITH THE DISCREDITING OF CIAS AND OTHER GUERRILLA-FRONT DEVELOPMENT AGENCIES, THE CATHOLIC CHURCH, T[illegible] DIACONIA, BECAME A LEADING MANAGEMENT AGENCY FOR FUNNELING PRIVATE DEVELOPMENT DONATIONS TO QUALIFIED PROJECTS. ACCORDING TO CASTELLANOS, THE CHURCH'S INVOLVEMENT BROUGHT WITH IT MUCH TIGHTER CONTROLS OVER THE USE OF THE FUNDS. FOR EXAMPLE, THE CHURCH-SPONSORED PROJECTS REQUIRED THE APPROVAL O[illegible] LOCAL PARISH PRIESTS. THE CLOSER CONTROLS EF[illegible] STYMIED WIDESPREAD GUERRILLA APPROPRIATION OF PROJECT FUNDS. CASTELLANOS SAID THERE WERE C[illegible] COMPLAINTS WITHIN THE FMLN BECAUSE THE CHURCH [illegible] TOO LITTLE FOR FMLN PROJECTS.

Church gave little FMLN aid.

12. THE "HUMAN RIGHTS" LINK.

AS A CONSEQUENCE OF THE DIMINUTION OF PROJECT F[illegible]ING, THE FMLN FRONTS WERE FORCED TO CREATE NEW, MORE CRED[illegible] FUND-RAISING ORGANIZATIONS. IN THE WEST[illegible] OF THESE NEW GROUPS - CRIPDES (CHRISTIAN COMMIT[illegible] THE DISPLACED OF EL SALVADOR), CDHES (NON-GOVERN[illegible] HUMAN RIGHTS COMMISSION OF EL SALVADOR), COMADRE[illegible]

New groups had to be formed.

CRIPDES
CDHES
COMADRES

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(COMMITTEE OF MOTHERS AND RELATIVES OF POLITICAL PRISONERS, DISAPPEARED AND ASSASSINATED OF EL SALVADOR MONSIGNOR OSCAR ARNULFO ROMERO), AND CONIP (NATIONAL COORDINATING CONFERENCE OF THE POPULAR CHURCH) WERE ESSENTIALLY RECONSTITUTED VERSIONS OF THE CIAS--THEY SOLICITED FUNDS FOR HUMANITARIAN EFFORTS AND CHANNELED THE FUNDS TO FMLN GROUPS. SOME OF THESE GROUPS HAVE RECENTLY LOST CREDIBILITY AS WELL--PARTICULARLY SINCE THE RECENT DEFECTION AND PUBLIC TESTIMONY OF TWO OF THEIR MEMBERS IN JUNE--AND THEY WILL LIKELY BE REINCARNATED UNDER NEW NAMES, ACCORDING TO CASTELLANOS.

CONIP

13. LABOR ORGANIZATIONS CHANNEL FUNDS TO GUERRILLA.

THE GUERRILLAS HAVE FOUND THAT THEY CAN OBTAIN A SUBSTANTIAL AMOUNT OF CAPITAL FROM DONATIONS FROM LABOR UNIONS WHICH THEY CONTROL. GROUPS LIKE FENASTRAS (NATIONAL FEDERATION OF WORKERS' UNIONS), FUSS (UNITED FEDERATION OF SALVADORAN UNIONS), ASIES (INDEPENDENT UNION ASSOCIATION OF EL SALVADOR), ANDES (NATIONAL ASSOCIATION OF SALVADORAN EDUCATORS - 21ST OF JUNE), AND CCACES (CONFEDERATION OF COOPERATIVE ASSOCIATIONS OF EL SALVADOR) ALL CHANNEL WESTERN DONATIONS TO THE FPL. AS "REPRESENTATIVES" OF THE SALVADORAN WORKING CLASS, THESE ORGANIZATIONS ATTRACT SYMPATHY AND SUPPORT FROM MANY WESTERNERS WHO WOULD NOT CONSCIOUSLY ASSIST A COMMUNIST INSURGENCY. CASTELLANOS STATED THAT THE WIFE OF FRENCH PRESIDENT FRANCOIS MITTERRAND PROVIDED ANDES WITH $[illegible] IN 1984, MUCH OF WHICH FOUND ITS WAY TO THE FPL'S COFFERS. CASTELLANOS ESTIMATES THAT THE FPL RECEIVES ABOUT 80 PERCENT OF THE FUNDS DONATED BY THE WEST TO LABOR GROUPS LIKE ANDES.

FENASTRAS
FUSS
ASIFS
ANDES
CCACES

14. AUXILIARY FUNDING SOURCES.

ASSISTANCE FROM ABROAD, THOUGH SUBSTANTIAL, HAS NEVER PROVIDED ENOUGH MONEY TO FUND THE GUERRILLA EFFORT

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COMPLETELY. THE GUERRILLAS HAVE THUS FOUND IT NECESSARY TO SUPPLEMENT THEIR INCOME WITH LOCAL MEANS OF SUPPORT. RELYING ON LOCAL SOURCES FOR EACH MONTH'S REVENUE IS NOT POSSIBLE, AS A MEMO WHICH ACCOMPANIED THE FRTC'S 13 APRIL 1984 FINANCIAL REPORT NOTED. FLOWS MAY BE RELATIVELY STRONG ONE MONTH, THEN DRY UP COMPLETELY THE NEXT. UNLIKE THE EXTERNAL FINANCING AND THE PROJECT FINANCING, WHICH ARE CENTRALLY CONTROLLED BY EACH GUERRILLA ORGANIZATION, AUXILIARY FUNDING SOURCES ARE MANAGED INDEPENDENTLY AT THE FRONT OR SUB-FRONT LEVEL. CASH IS ALSO SENT FROM NICARAGUA. IN 1985, FOR INSTANCE, A LADA FROM NICARAGUA CRASHED IN HONDURAS. A SEARCH OF THE VEHICLE REVEALED SECRET COMPARTMENTS WHICH CONTAINED ARMS AND $27,400 IN CASH. CASTELLANOS SAID THIS WAS NOT DESTINED FOR THE FPL, AND HE CONSIDERED IT AMATEURISH.

15. COLLABORATORS.

THE GUERRILLAS PREFER, OF COURSE, TO OBTAIN FUNDS THROUGH DONATIONS OFFERED BY COLLABORATORS. THIS IS A PAINLESS, EASY WAY TO PROCURE MONEY, BUT IT IS NOT LUCRATIVE, BECAUSE FMLN COLLABORATORS ARE FEW AND GENERALLY RELATIVELY POOR. A LETTER DATED MARCH 13, 1984, WHICH WAS CAPTURED WITH NIDIA DIAZ DISCUSSES RECENT PROGRESS IN GENERATING RESOURCES. "THE RANCH WILL BE READY SHORTLY AND WILL BE HANDED OVER TO SOME COLLABORATORS. WE HAVE THOUGHT ABOUT SENDING VICTOR TO THE FRONT. HIS WIFE WILL REMAIN IN SANTA TECLA AND HELP SET UP A SMALL BUSINESS."

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16. KIDNAPPING.

ANOTHER GUERRILLA FUND-RAISING TECHNIQUE INVOLVES KIDNAPPING. THE FMLN DOES NOT DISCRIMINATE IN THE SELECTION OF ITS VICTIMS: IT KIDNAPS SMALL COTTON FARMERS IN USULUTAN AND BIG BUSINESSMEN IN SAN SALVADOR. A SURVEY OF RECENT INCIDENTS SHOWS THAT RANSOMS RANGE FROM AS LITTLE AS $20 TO MORE THAN $60,000, WITH THE BULK IN THE $4,000 TO $5,000 RANGE. BY EARLY 1986, THE NEED FOR MONEY HAD DRIVEN THE GUERRILLAS TO SEEK TO REBUILD THEIR CAPABILITY TO CONDUCT LARGE-SCALE KIDNAPPING ACTIVITIES. THE FMLN CONDUCTED KIDNAPPING OPERATIONS IN COSTA RICA AND HONDURAS; CASTELLANOS ATTRIBUTES THE KIDNAPPING OF A JAPANESE BUSINESSMAN IN COSTA RICA IN THE EARLY 1980S TO THE FPL.

ALTHOUGH POTENTIALLY FAR MORE LUCRATIVE THAN CONTRIBUTIONS FROM COLLABORATORS, THIS STRATEGY IS PROBLEMATIC. IT IS DIFFICULT AND EXPENSIVE TO CREATE URBAN COMMANDO UNITS WHICH ARE CAPABLE OF CARRYING OUT SUCCESSFUL KIDNAPPINGS. THE TASK IS ALL THE MORE DIFFICULT NOW, BECAUSE THE URBAN INFRASTRUCTURE OF THE GUERRILLAS IS IN SHAMBLES AS A RESULT OF THE GOVERNMENT'S THOROUGH INVESTIGATIONS OF THE INEZ DUARTE KIDNAPPING AND THE ZONA ROSA MASSACRE. ALTHOUGH IN NEED OF ADDITIONAL PROFESSIONALISM, THE SECURITY FORCES HAVE IMPROVED THEIR ANTI-TERRORIST CAPABILITIES. THE KIDNAPPING OF WEALTHY MEMBERS OF SAN SALVADOR'S ELITE WOULD PROVE BOTH IDEOLOGICALLY SATISFYING AND RENUMERATIVE TO THE FMLN, BUT THE GUERRILLAS DO NOT NOW APPEAR TO BE IN THE POSITION TO CARRY OUT MANY OF THESE OPERATIONS.

AS A RESULT, FMLN GROUPS DIRECT THE BULK OF THEIR OPERATIONS AGAINST SMALL FARMERS IN RURAL--AND GENERALLY IMPOVERISHED--AREAS. THIS PLACES THE SELF-PROCLAIMED "REPRESENTATIVES OF THE PEOPLE" IN THE

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UNCOMFORTABLE POSITION OF VICTIMIZER. THE VICTIMS RARELY HAVE ANYTHING TO DO WITH THE GOVERNMENT AND ARE OFTEN INDIVIDUALS OF MODEST MEANS. INDEED, THOSE KIDNAPPED BY ONE GUERRILLA FRONT ARE SOMETIMES SYMPATHIZERS OF ANOTHER; ON MORE THAN ONE OCCASION, SAYS CASTELLANOS, THIS TYPE OF MISTAKE HAS STRAINED RELATIONS BETWEEN ALLIED GUERRILLA BANDS. THIS KIND OF INFIGHTING HAS ALSO BEEN REVEALED IN NUMEROUS CAPTURED DOCUMENTS.

Kidnapping of different faction supporters.

17. WAR TAXES.

War taxes

"WAR TAXES" PROVIDE ANOTHER MEANS OF GUERRILLA FINANCE. THIS IS THE GUERRILLA TERM FOR THE BANDITRY AND BLACKMAIL WHICH THEY PERPETRATE. GUERRILLAS SOMETIMES STOP BUSES AND ROB OR "SOLICIT" MONEY AND WATCHES FROM THE INDIGENT, WORKING-CLASS PASSENGERS. THEY ALSO DEMAND EXTORTION PAYMENTS (OFTEN A COMBINATION OF CASH AND PROVISIONS) FROM FARMERS AND BUSINESSMEN WHO WORK IN AREAS OF GUERRILLA ACTIVITY. BECAUSE OF FMLN WEAKNESS IN SALVADORAN CITIES, URBAN DWELLERS AND BUSINESSES USUALLY ARE NOT SUBJECT TO WAR TAXES. ACCORDING TO CASTELLANOS, THE FMLN LEADERSHIP DOES NOT LIKE TO RELY ON THESE ACTIVITIES, BECAUSE THEY REVEAL THE GUERRILLAS AS ENEMIES OF THE PEOPLE AND MAKE IT DIFFICULT FOR THE LEADERSHIP TO PREVENT THEIR GROUPS FROM DETERIORATING INTO BANDS OF COMMON THIEVES.

TWO TYPICAL EXAMPLES OF WAR TAXES FOLLOW. THE MANAGER OF A SMALL COFFEE FARM RECEIVED A FORM LETTER IN LATE 1985 FROM THE FMLN INFORMING HIM THAT IF HE WISHED TO

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HARVEST HIS COFFEE IN PEACE, HE HAD TO:

(A) COMPLY WITH THE SALARY SCHEDULE ENDORSED BY THE FPL;

(B) PAY 10,000 COLONES IN CASH ($2,000);

(C) DELIVER 10 POUNDS OF ALUMINUM OXIDE, 10 POUNDS OF POTASSIUM CHLORATE, 10 METERS OF SLOW WICK, AND 10 FLARES.

THE MANAGER WAS GIVEN 17 DAYS TO PURCHASE AND DELIVER THE CASH AND THE GOODS. ANOTHER GROWER, WHO RECEIVED A SIMILAR FORM LETTER, FACED MUCH STIFFER DEMANDS. THIS TIME THE GUERRILLA DEMANDED 250,000 COLONES ($50,000), 100 POUNDS EACH OF ALUMINUM OXIDE AND POTASSIUM CHLORATE, 200 BLASTING CAPS, AND A ROTARY MULTICOPIER. THE COFFEE GROWER HAD ONLY 11 DAYS TO RESPOND.

GUERRILLAS ALSO ASK FOR BOOTS, MATERIALS FOR UNIFORMS, AND KNAPSACKS, AS WELL AS MONEY.

NONETHELESS, AS FOREIGN FUNDING SOURCES DIMINISH, SOME FRONTS INCREASINGLY RELY ON WAR TAXES. CASTELLANOS SAYS THAT SINCE 1984 THE SAN VICENTE FRONT OF THE FPL HAS RECEIVED MUCH OF ITS FUNDS FROM WAR TAX COLLECTIONS. PROPERTY OWNERS IN A VILLAGE IN THE WESTERN SHADOW OF THE SAN VICENTE VOLCANO REPORT THAT GUERRILLA HARASSMENT OVER THE PAST YEAR HAS BEEN AT ITS HIGHEST LEVEL IN YEARS. A MIDDLE CLASS RESIDENT OF THE VILLAGE WAS KIDNAPPED AND RANSOM NOTES WERE DISTRIBUTED NOT ONLY TO HIS FAMILY, BUT TO A DOZEN OF THE LEADING VILLAGERS AS WELL. (ALTHOUGH MANY OF THE VILLAGERS DID NOT ACCEDE TO THE EXTORTION DEMANDS, THE VICTIM EVENTUALLY WAS RELEASED.) THE GUERRILLAS ALSO PREVENTED PROPERTY OWNERS FROM HARVESTING FROM THE HIGHER ELEVATIONS. POSING AS SMALL FARMERS, THEY HARVESTED THE COFFEE THEMSELVES AND SOLD IT TO INCAFE. TRANSPORTATION INTERRUPTIONS AND COLLECTIONS OF WAR

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TAXES HAVE GREATLY INCREASED IN FREQUENCY IN THIS AREA.

18. CURRENT TRENDS IN GUERRILLA FINANCE.

FINANCES ARE A GRAVE PROBLEM FOR THE FMLN. CASTELLANOS ESTIMATES THE FPL'S MONTHLY NON-MILITARY EXPENSES IN 1988 AT 300,000 COLONES; ITS MONTHLY INCOME FROM EXTERNAL DONATIONS HAD DROPPED FROM 300-400,000 COLONES IN PREVIOUS YEARS TO 200,000 IN 1988. IT HAD TO COLLECT THE REST FROM ITS UNION ALLIES AND THROUGH AUXILIARY MEASURES. THE CRUX OF THE SHORTFALL LIES IN THE INCREASING DIFFICULTY OF RAISING FUNDS FOR THE SALVADORAN GUERRILLA MOVEMENT IN THE WEST. PAST DONORS ARE NO LONGER CONVINCED OF THE INEVITABILITY OF GUERRILLA VICTORY, AND THEY HAVE TURNED THEIR ATTENTION TO NEWLY URGENT AREAS OF 'STRUGGLE' LIKE CHILE AND SOUTH AFRICA. BARRING SPECTACULAR FMLN MILITARY TRIUMPHS OR SEVERE POLITICAL OR HUMAN RIGHTS DETERIORATION IN EL SALVADOR, THE DECLINE IN WESTERN CONTRIBUTIONS TO THE GUERRILLAS WILL ACCELERATE.

So in July, CISPES emphasizes FMLN fundraising.

UNLESS THE GUERRILLAS MANAGE TO CONVINCE THE SOCIALIST BLOC TO INCREASE ITS FINANCIAL ASSISTANCE TO THEIR CAUSE, THEY WILL FIND IT NECESSARY TO DEEPEN THEIR RELIANCE ON AUXILIARY MEASURES. BECAUSE POTENTIAL INCREASES IN COLLABORATOR DONATIONS ARE MARGINAL, THE FMLN WILL HAVE TO COLLECT MORE WAR TAXES AND CONDUCT MORE KIDNAPPING OPERATIONS, ESPECIALLY OF WEALTHY TARGETS. THE FINANCIAL EXIGENCIES OF FMLN GUERRILLA WARFARE WILL SUBJECT SALVADORANS TO HEIGHTENED LEVELS

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U.S.-) L 'UPS ARE PLANNING A SERIES OF ACTIVITIES
TO TA AC IN EL SALVADOR IN NOVEMBER AND DECEMBER
AIMED . NCR ASING U.S. PUBLIC AND MATERIAL SUPPORT
FOR THE LN- DR AND PRESSURING CONGRESS TO CUT OFF U.S.
AID TO EL SALVADOR. THE GROUPS HOPE THEIR ACTIVITIES
WILL OBTAI PU LICITY WHICH WILL REFOCUS THE ATTENTION
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OF THE U.S. PUBLIC ON EL SALVADOR. THE TWO MAJOR U.S.
GROUPS INVOLVED ARE THE COMMITTEE IN SOLIDARITY WITH
THE PEOPLE OF EL SALVADOR (CISPES) AND MEDICAL AID TO
EL SALVADOR (MAES). CISPES HAS OPENLY PROCLAIMED ITS
SUPPORT FOR THE FMLN-FDR (THE SELF-AVOWED MARXIST-
LENINIST GUERRILLA ORGANIZATION WHOSE STATED PURPOSE

IS TO REPLACE BY FORCE THE DEMOCRATICALLY-ELECTED
GOVERNMENT OF EL SALVADOR WITH A ONE-PARTY COMMUNIST
GOVERNMENT). MAES HAS GIVEN FUNDS TO SET UP FMLN
MILITARY HOSPITALS IN THE EAST. ITS CURRENT ACTIVITIES
SUPPORT THE ARCHBISHOPRIC. THE MOST PROMINENT
SALVADORAN GROUP WORKING WITH CISPES IS THE NATIONAL
UNITY OF SALVADORAN WORKERS (UNTS), A LEFTIST LABOR
UMBRELLA GROUP COMPOSED ALMOST ENTIRELY OF FMLN-CONNECTED
UNIONS.

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2. CISPES IS CO-SPONSORING WITH UNTS A CONFERENCE WHICH WILL KICK OFF NOVEMBER 22 WITH A DEMONSTRATION IN FRONT OF EMBASSY SAN SALVADOR AND END NOVEMBER 24 WITH A PRESS CONFERENCE. MAES HOPES TO AIRLIFT ONE MILLION DOLLARS OF MEDICAL SUPPLIES TO EL SALVADOR ON NOVEMBER 30. CELEBRITIES WILL ACCOMPANY THE AIRLIFT TO DELIVER THE SUPPLIES AND ENSURE PUBLICITY. END SUMMARY.

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3. UNTS - BACKGROUND

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UNTS, WHICH IS CO-SPONSORING THE NOVEMBER 22-23 "U.S.-EL SALVADOR CONFERENCE IN SEARCH OF PEACE" WITH CISPES, IS A LABOR UMBRELLA GROUP COMPOSED ALMOST ENTIRELY OF FMLN-CONNECTED UNIONS. THOUGH CISPES CLAIMS THAT UNTS IS THE "LARGEST AND MOST REPRESENTATIVE ARRAY OF LABOR AND PEASANT ORGANIZATIONS IN EL SALVADOR'S HISTORY"

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AND THAT IT HAS 300,000 MEMBERS, UNTS IN REALITY HAS ONLY ABOUT 55,000 MEMBERS. BY CONTRAST, THE DEMOCRATIC LABOR UMBRELLA GROUP, THE NATIONAL WORKERS-CAMPESINOS UNION (UNOC) REPRESENTS BETWEEN 215,000 AND 250,000 MEMBERS. AS "PROOF" THAT UNTS IS DEMOCRATIC, CISPES EMPHASIZES THAT THE POPULAR DEMOCRATIC UNITY (UPD), WHICH SUPPORTED THE CHRISTIAN DEMOCRATIC PARTY (PDC) IN THE ELECTIONS, BELONGS TO UNTS. IN FACT, THE UPD FORMALLY WITHDREW FROM THE UNTS ON NOVEMBER 16 BECAUSE UNTS "LIMITED THE PLURALISTIC WORK OF THE UPD." IN JUNE 1986, THE CLAT-AFFILIATED SALVADORAN WORKERS CENTRAL (CTS) QUIT UNTS BECAUSE OF "IDEOLOGICAL DIFFERENCES."

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4. FENASTRAS - BACKGROUND

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THE NATIONAL FEDERATION OF SALVADORAN WORKERS (FENASTRAS) IS A LABOR FEDERATION WITH CLOSE LINKS TO THE FAPU/FARN GUERRILLA COMPONENTS OF THE FMLN. FENASTRAS HAS OBSERVER STATUS WITH THE MOSCOW-LINE WORLD FEDERATION OF TRADE UNIONS (WFTU) HEADQUARTERED IN PRAGUE. FENASTRAS U.S. REPRESENTATIVE FRANCISCO ACOSTA IS ALSO U.S. CO-DIRECTOR OF THE CISPES-UNTS CONFERENCE. IN A LETTER INVITING CERTAIN U.S. LABOR LEADERS TO ATTEND FENASTRAS' NOVEMBER 13-15 CONGRESS IN SAN SALVADOR, ACOSTA CALLED FENASTRAS "DEMOCRATIC" IN SPITE OF ITS GUERRILLA AND WFTU CONNECTIONS. ONLY TWO U.S. LABOR OFFICIALS ATTENDED THE CONGRESS. ONE OF THEM, JERRY OLIVEIRA OF THE INTERNATIONAL ASSOCIATION OF MACHINISTS (IAM), ENDORSED FENASTRAS BY ALLOWING HIS NAME TO BE PLACED ON A FENASTRAS NEWSPAPER AD. BRITISH LABOR

M.P. JEREMY CORBYN AND FRENCH, AUSTRALIAN, AND SWISS UNION MEMBERS ALSO LENT THEIR NAMES TO THE AD.

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SUBJECT: U.S. GROUPS WORKING WITH FMLN TO INCREASE

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5. CISPES - BACKGROUND

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CISPES IS A U.S. ORGANIZATION FOUNDED BY THE LEADER OF THE SALVADORAN COMMUNIST PARTY, SHAFIK HANDAL, IN 1980. AT ITS 1985 CONVENTION, CISPES PROCLAIMED THAT ONE OF ITS GOALS WAS TO "PROVIDE POLITICAL SUPPORT FOR THE FMLN-FDR." IN A 1986 ISSUE OF CISPES' NEWSLETTER "ALERT," CISPES WROTE IT "SEEKS TO EDUCATE AND MOBILIZE PUBLIC OPINION AGAINST U.S. INTERVENTION IN EL SALVADOR AND IN SOLIDARITY WITH THE FMLN-FDR, THE LEGITIMATE REPRESENTATIVE OF THE SALVADORAN PEOPLE." CISPES ALSO STATES THAT IT STRIVES TO HAVE ALL U.S. AID TO EL SALVADOR CUT OFF.

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6. CISPES ORGANIZING EFFORTS

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CISPES HAS BEEN ACTIVE IN ORGANIZING LETTER AND TELEGRAM CAMPAIGNS TO PRESIDENT DUARTE, THE EMBASSY, AND MEMBERS OF CONGRESS PROTESTING AGAINST THE ARREST OF PEOPLE WITH CLEAR TIES TO THE FMLN (REFTEL). AS PART OF THIS PROGRAM, CISPES URGES ITS MEMBERS TO PERSUADE PEOPLE TO SIGN A FORM AUTHORIZING CISPES TO SEND TELEGRAMS IN THEIR NAME "WHEN A HUMAN RIGHTS EMERGENCY OCCURS." CISPES BRAGS THAT IT TARGETTED EIGHT HOUSE FOREIGN OPERATIONS SUBCOMMITTEE MEMBERS' CONGRESSIONAL DISTRICTS DURING

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THE ELECTIONS AND, AS A RESULT, THESE REPRESENTATIVES HAVE MOVED CLOSER TO OPPOSING AID TO EL SALVADOR. CISPES MENTIONS THAT IT LAUNCHED A MAJOR MEDIA CAMPAIGN IN THE DISTRICTS OF MATT MCHUGH (D-NY) AND DAVID OBEY (D-WI).

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CISPES ALSO NOTED THAT THE MAY 14 HEARINGS BEFORE THE SUBCOMMITTEE ON WESTERN HEMISPHERE AFFAIRS OF THE HOUSE COMMITTEE ON FOREIGN AFFAIRS ON "THE AIR WAR AND POLITICAL DEVELOPMENTS IN EL SALVADOR" WAS A CISPES PROJECT TO PRESSURE CONGRESS.

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7. CISPES HOPES TO RAISE 250,000 DOLLARS FOR THE NON-GOVERNMENTAL HUMAN RIGHTS COMMISSION IN EL SALVADOR (CDHES), WHICH HAS BEEN IDENTIFIED AS AN FMLN-FRONT GROUP BY FORMER CDHES LEADERS. CISPES ASKS THAT U.S. TEACHER GROUPS SUPPORT THE SALVADORAN TEACHERS UNION ANDES 21 DE JUNIO AND U.S. STUDENT GROUPS

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DONATE FUNDS TO AGEUS, AN FMLN-FRONT GROUP AT THE NATIONAL UNIVERSITY. MIGUEL CASTELLANOS, AN FPL (ONE OF THE FIVE GROUPS IN THE FMLN) POLITICAL OFFICER WHO DEFECTED TO THE GOVERNMENT, HAS SAID THAT THE FPL CONTROLS ANDES AND THAT ANDES GIVES ABOUT 50 PERCENT OF THE DONATIONS IT RECEIVES TO THE GUERRILLAS.

FPL - ANDES connection

Guerrillas

CISPES ALSO ENCOURAGES PEOPLE TO CHANNEL FUNDS THROUGH THE SALVADORAN MEDICAL RELIEF FUND (SMRF), NEW EL SALVADOR TODAY (NEST), AND MEDICAL AID FOR EL SALVADOR (MAES), ALL OF WHICH ARE U.S.-BASED GROUPS.

8. CISPES-UNTS CONFERENCE

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CISPES HAS BEEN WORKING ENERGETICALLY WITH UNTS TO SPONSOR A NOVEMBER 22-23 CONFERENCE AT THE JESUIT-RUN CENTRAL AMERICAN UNIVERSITY (UCA) IN SAN SALVADOR. THE CONFERENCE WILL KICK-OFF WITH A DEMONSTRATION IN DOWNTOWN SAN SALVADOR AND END WITH A PRESS CONFERENCE. CISPES CLAIMS A 250-MEMBER DELEGATION OF U.S. LABOR, COMMUNITY, AND RELIGIOUS LEADERS, ELECTED OFFICIALS, AND MEDIA PERSONALITIES WILL ATTEND THE CONFERENCE ENTITLED "IN SEARCH OF PEACE: A U.S.-EL SALVADOR CONFERENCE." AMONG THOSE CISPES LISTS AS "CURRENT ENDORSERS" OF THE CONFERENCE ARE REV. JESSE JACKSON, DR. BENJAMIN SPOCK, AND AMALGAMATED CLOTHING AND TEXTILE WORKERS UNION INTERNATIONAL VICE PRESIDENT ED CLARK.

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9. CISPES CLAIMS THE CONFERENCE WILL "BRING SALVADORAN AND U.S. REPRESENTATIVES TOGETHER TO EXPLORE AND PROPOSE CONCRETE STEPS TOWARD PEACE AND TO WORK FOR A NEGOTIATED SETTLEMENT TO THE WAR." CISPES STATES IN

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OTHER PARTS OF ITS LITERATURE, HOWEVER, THAT MUST
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TO SECSTATE WASHDC IMMEDIATE 6834
INFO USIA WASHDC 0123
USCINCSO QUARRY HEIGHTS PN
AMEMBASSY MEXICO

UNCLAS SECTION 03 OF 04 SAN SALVADOR 14790
DEPT PASS DOL/ILAB
DEPT FOR T.J. CLEAR, INR/GIS AND LPD
USIA FOR AR/CENTAM
E.O. 12356: N/A
TAGS: ELAB, PHUM, ES, US
SUBJECT: U.S. GROUPS WORKING WITH FMLN TO INCREASE

KNOWING THAT THERE ARE PEOPLE IN THE UNITED STATES WHO OPPOSE THE WAR OUR GOVERNMENT IS WAGING IS A TREMENDOUS BOOST TO THE PEOPLE'S WILL TO GO ON." CISPES ALSO SAYS THAT "FOCUSING ON SUPPORT TO THE POPULAR OPPOSITION IN EL SALVADOR NOW IS ONE OF OUR GREATEST OPPORTUNITIES TO AFFECT THE FIGHT FOR JUSTICE THERE AND TO BUILD BROAD UNDERSTANDING HERE ABOUT HOW BANKRUPT THE WHOLE (U.S.) REGIONAL POLICY IS." (NOTE: CISPES REPEATEDLY REFERS TO THE FMLN AS THE POPULAR OPPOSITION.)

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10. IN ITS LETTER RECRUITING DELEGATES TO THE CONFERENCE CISPES STIPULATES THAT EACH DELEGATE "MUST BE RECOMMENDED

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PAGE 02 SAN SA 14790 03 OF 04 2117482

BY AN ORGANIZATION OR INDIVIDUAL ENDORSING THE CONFERENCE AS WELL AS SEND IN A RECOMMENDATION FROM THE ORGANIZATION CHURCH, UNION, SCHOOL, ETC. THAT THEY WILL BE REPRESENTING AT THE CONFERENCE." DELEGATES MUST HAVE A VALID PASSPORT AND VISA, ATTEND OR RECEIVE AN ORIENTATION AND "AGREE TO ABIDE BY CONFERENCE REGULATIONS." ONE REGULATION REQUIRES DELEGATES TO ARRIVE IN EL SALVADOR ON NOVEMBER 20 AND DEPART BY NOVEMBER 24. ACCORDING TO CISPES, THIS IS "TO ENSURE THAT OUR DELEGATION IS RESPECTFUL OF AND ACTS RESPONSIBLE TOWARD OUR HOSTS. NO ONE CONNECTED WITH THE CONFERENCE CAN STAY IN EL SALVADOR LONGER THAN THIS TIME PERIOD UNLESS PREVIOUS ARRANGEMENTS HAVE BEEN MADE." A CISPES-CONNECTED ORGANIZATION, TACOMANS FOR PEACE IN CENTRAL AMERICA

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{TAPICA}, STATES THAT "FOR SAFETY REASONS" PARTICIPANTS CAN ONLY REMAIN FROM NOVEMBER 18 TO NOVEMBER 25 UNLESS THEY ARE PART OF ANOTHER ORGANIZED DELEGATION.

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11. "A MILLION VOICES FOR PEACE"

-- ------------------------------

CISPES WANTS TO OBTAIN PLEDGES FROM ONE MILLION AMERICANS FOR A RESOLUTION TO CUT ALL U.S. AND ECONOMIC AID TO EL SALVADOR AND "SUPPORT A PEACEFUL SOLUTION TO THE CONFLICT AMONG THE SALVADORANS." CISPES ADVISES ITS FOLLOWERS TO IDENTIFY AN "INTERNAL ADVOCATE" IN INSTITUTIONS AND GROUPS IT IS TRYING TO CONVINCE TO ENDORSE THE PLEDGES, WHICH ARE TO BE DELIVERED AT THE CONFERENCE. CISPES INCLUDES "HOW-TO'S," A SAMPLE LETTER, AND A "SAMPLE RAP" IN ITS PACKET OF ADVICE ON OBTAINING ENDORSEMENTS. CISPES TELLS ITS MEMBERS TO INFORM AUDIENCES THAT THE DUARTE GOVERNMENT "CONTINUES TO IMPRISON, TORTURE, AND EVEN MURDER TRADE UNIONISTS,

HUMAN RIGHTS ACTIVISTS, AND OTHERS WHO SPEAK OUT FOR PEACE AND JUSTICE." NOWHERE IN THE PACKET DOES CISPES SAY THAT PROSPECTIVE ENDORSERS OF THE PLEDGE SHOULD BE INFORMED THAT CISPES SUPPORTS THE FMLN-FDR.

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12. MEDICAL AID FOR EL SALVADOR - BACKGROUND

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MEDICAL AID FOR EL SALVADOR {MAES} WAS FOUNDED IN FEBRUARY 1982. ITS MOST FAMOUS BOARD OF DIRECTORS MEMBER IS ACTOR EDWARD ASNER. DR. CHARLES CLEMENTS, WHOSE BOOK "WITNESS TO WAR" DESCRIBES A YEAR HE SPENT WORKING WITH FMLN GUERRILLAS AND THEIR SUPPORTERS IN THE GUAZAPA VOLCANO AREA, IS ALSO A MAES MEMBER. ACCORDING TO MAES, IT HAS DONATED OVER 750,000 DOLLARS WORTH OF MEDICAL AID WHICH "HAS GONE TO RURAL AREAS WHERE GOVERNMENT BOMBARDMENT OF CIVILIAN TARGETS HAS MADE THE NEED FOR HEALTH CARE MOST CRITICAL." MAES ALSO REPORTS THAT IN JANUARY 1983, IT SPENT 20,000 DOLLARS TO TRAIN AND EQUIP 110 MEDICAL "BRIGADISTAS." MAES CLAIMS THAT IN AUGUST 1985, IT GAVE 195,000 DOLLARS WORTH OF MEDICAL SUPPLIES TO A STUDENT-RUN CLINIC AND PHARMACY AT THE NATIONAL UNIVERSITY. {NOTE: THEY WERE NEVER ESTABLISHED, AND THE SUPPLIES "DISAPPEARED." PRESUMABLY THEY WERE GIVEN TO THE GUERRILLAS.}

MAES' BIGGEST COUP CAME IN 1985 WHEN IT SENT A SURGICAL TEAM TO EL SALVADOR TO OPERATE ON THE HAND OF NIDIA DIAZ, AN FMLN GUERRILLA COMMANDER WHO WAS WOUNDED AND CAPTURED IN A BATTLE WITH THE SALVADORAN ARMED FORCES. MAES REFERS TO DIAZ AS A POLITICAL PRISONER AND ITS LITERATURE STATES THE OPERATION TOOK PLACE IN A PRISON

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THOUGH IT OCCURRED IN A HOSPITAL. A CISPES ARTICLE WHICH PRAISED THE OPERATION REFERRED TO DIAZ ONLY AS "A PARTICIPANT IN THE LA PALMA PEACE TALKS." BOTH GROUPS

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INFO USIA WASHDC 0124
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AMEMBASSY MEXICO
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USIA FOR AR/CENTAM
E.O. 12356: N/A
TAGS: ELAB, PHUM, ES, US
SUBJECT: U.S. GROUPS WORKING WITH FMLN TO INCREASE
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FAIL TO MENTION THAT DIAZ WAS AMONG THOSE RELEASED IN EXCHANGE FOR FREEDOM FOR PRESIDENT DUARTE'S KIDNAPPED DAUGHTER.

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13. MAES FUNDS HOSPITALS IN CONFLICTIVE ZONES. THE DESCRIPTIONS OF THESE HOSPITALS BY MAES LEADS US TO SUSPECT THESE HOSPITALS TREAT FMLN WOUNDED AS WELL AS CIVILIANS. MAES SAYS THAT THE HOSPITALS MUST BE ABLE TO MOVE CONSTANTLY IN CASE OF MILITARY ATTACKS. ONE HOSPITAL MAES FUNDED WAS ON GUAZAPA VOLCANO AND ANOTHER IS IN THE NORTHERN PART OF LA UNION DEPARTMENT.

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14. MEDICAL AIRLIFT TO EL SALVADOR

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ON NOVEMBER 30, MAES PLANS TO FLY ONE MILLION DOLLARS WORTH OF MEDICAL SUPPLIES AND A 40-MEMBER "FACT FINDING" TEAM OF LABOR, CONGRESS, RELIGIOUS, AND MEDICAL

COMMUNITY LEADERS AND CELEBRITIES TO EL SALVADOR.

-- THOSE AMONG THE ONE MILLION WAR REFUGEES (NOTE: THERE ARE ACTUALLY ABOUT 500,000 DISPLACED PERSONS IN EL SALVADOR);

-- CIVILIAN AS WELL AS COMBATANT AMPUTEES; AND,

-- SALVADORAN CHILDREN WHO ARE SICK OR WOUNDED BECAUSE OF THE WAR. SOME OF THESE CHILDREN ARE TO BE BROUGHT BACK TO THE U.S., AND THEIR ACCOMPANYING FAMILY MEMBERS WILL BE HOSTED BY "SANCTUARY CONGREGATIONS."

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MAES LITERATURE STATES THAT THE AIRLIFT WILL BE USED AS "AN ORGANIZATION TOOL FOR THE CENTRAL AMERICAN PEACE MOVEMENT." MAES HOPES THE AIRLIFT WILL ATTRACT PUBLICITY TO "REFOCUS THE AMERICAN PUBLIC'S ATTENTION ON THE PROBLEMS IN EL SALVADOR."

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15. IN A PACKET ASKING SUPPORT FOR THE AIRLIFT IN THE FORM OF TAX-DEDUCTIBLE DONATIONS, MAES ALSO INCLUDES A TRANSLATION OF A LETTER FROM SAN SALVADOR ARCHBISHOP RIVERA DAMAS. IN HIS LETTER THE ARCHBISHOP ACCEPTS AND BLESSES THE AIRLIFT AND PROMISES THE CHURCH WILL ENSURE THE HELP WILL REACH THE MOST NEEDY. MAES APPARENTLY BROUGHT IN MUCH OF THE MEDICAL SUPPLIES INTENDED FOR THE AIRLIFT DURING THE EARTHQUAKE RELIEF EFFORT. THOSE
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SUPPLIES AS WELL AS A SINGLE PLANELOAD TO ARRIVE NOVEMBER 30 ARE CONSIGNED TO THE ARCHBISHOPRIC. MAES STATES IT IS LOOKING FOR AN OVERT VEHICLE TO CONTINUE ITS MEDICAL PROGRAM IN CONFLICTIVE ZONES, I.E., FMLN MILITARY HOSPITALS.

-

16. THE MAES DELEGATION PLANS TO DEPART SAN SALVADOR ON DECEMBER 6 FOR MEXICO CITY ACCOMPANIED BY SALVADORAN CHILDREN AND THEIR FAMILIES. MAES CLAIMS IT HAS A MEETING SCHEDULED IN MEXICO CITY ON DECEMBER 7 WITH CONTADORA FOREIGN MINISTERS AND LEADERS OF THE SALVADORAN OPPOSITION (I.E. FMLN-FDR).
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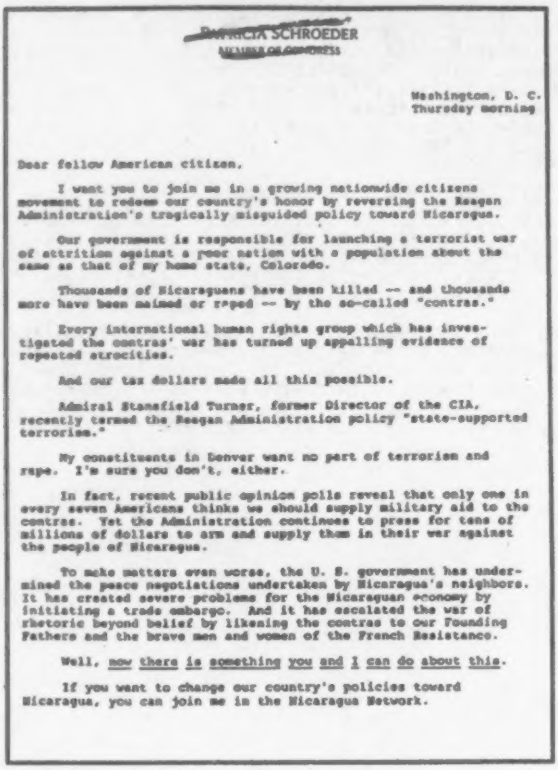
APPENDIX B

Congresswoman Patricia Schroeder's Fundraising Letter for the Nicaragua Network, 1985



[redacted] SCHROEDER
[redacted]

Washington, D. C.
Thursday morning

Dear fellow American citizen,

I want you to join me in a growing nationwide citizens movement to redeem our country's honor by reversing the Reagan Administration's tragically misguided policy toward Nicaragua.

Our government is responsible for launching a terrorist war of attrition against a poor nation with a population about the same as that of my home state, Colorado.

Thousands of Nicaraguans have been killed -- and thousands more have been maimed or raped -- by the so-called "contras."

Every international human rights group which has investigated the contras' war has turned up appalling evidence of repeated atrocities.

And our tax dollars made all this possible.

Admiral Stansfield Turner, former Director of the CIA, recently termed the Reagan Administration policy "state-supported terrorism."

My constituents in Denver want no part of terrorism and rape. I'm sure you don't, either.

In fact, recent public opinion polls reveal that only one in every seven Americans thinks we should supply military aid to the contras. Yet the Administration continues to press for tens of millions of dollars to arm and supply them in their war against the people of Nicaragua.

To make matters even worse, the U. S. government has undermined the peace negotiations undertaken by Nicaragua's neighbors. It has created severe problems for the Nicaraguan economy by initiating a trade embargo. And it has escalated the war of rhetoric beyond belief by likening the contras to our Founding Fathers and the brave men and women of the French Resistance.

Well, now there is something you and I can do about this.

If you want to change our country's policies toward Nicaragua, you can join me in the Nicaragua Network.

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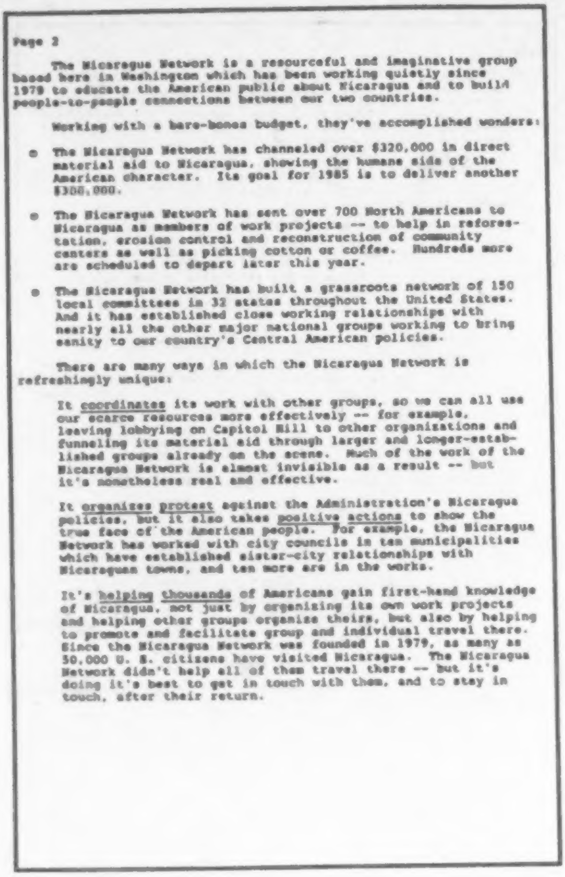


Page 2

The Nicaragua Network is a resourceful and imaginative group based here in Washington which has been working quietly since 1979 to educate the American public about Nicaragua and to build people-to-people connections between our two countries.

Working with a bare-bones budget, they've accomplished wonders:

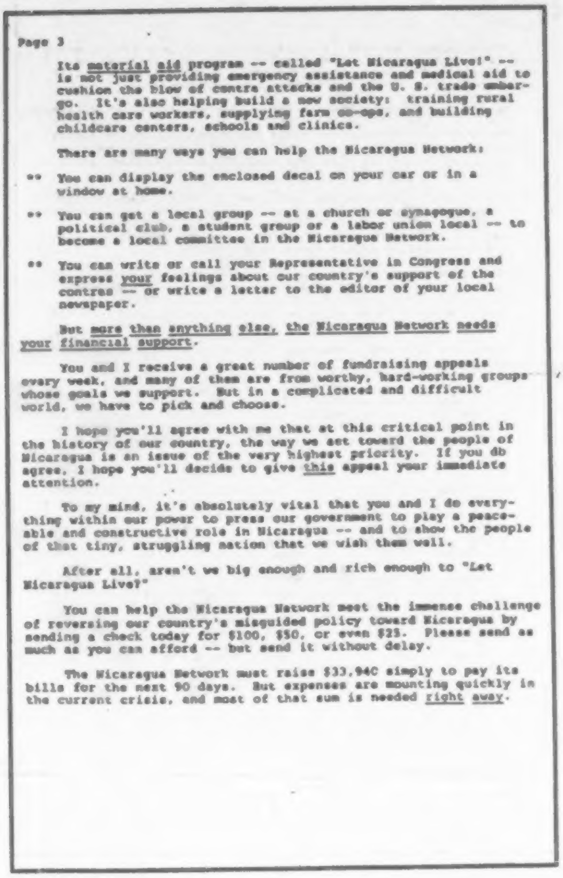
- The Nicaragua Network has channeled over $320,000 in direct material aid to Nicaragua, showing the humane side of the American character. Its goal for 1985 is to deliver another $300,000.
- The Nicaragua Network has sent over 700 North Americans to Nicaragua as members of work projects -- to help in reforestation, erosion control and reconstruction of community centers as well as picking cotton or coffee. Hundreds more are scheduled to depart later this year.
- The Nicaragua Network has built a grassroots network of 150 local committees in 32 states throughout the United States. And it has established close working relationships with nearly all the other major national groups working to bring sanity to our country's Central American policies.

There are many ways in which the Nicaragua Network is refreshingly unique:

It coordinates its work with other groups, so we can all use our scarce resources more effectively -- for example, leaving lobbying on Capitol Hill to other organizations and funneling its material aid through larger and longer-established groups already on the scene. Much of the work of the Nicaragua Network is almost invisible as a result -- but it's nonetheless real and effective.

It organizes protest against the Administration's Nicaragua policies, but it also takes positive actions to show the true face of the American people. For example, the Nicaragua Network has worked with city councils in ten municipalities which have established sister-city relationships with Nicaraguan towns, and ten more are in the works.

It's helping thousands of Americans gain first-hand knowledge of Nicaragua, not just by organizing its own work projects and helping other groups organize theirs, but also by helping to promote and facilitate group and individual travel there. Since the Nicaragua Network was founded in 1979, as many as 50,000 U. S. citizens have visited Nicaragua. The Nicaragua Network didn't help all of them travel there -- but it's doing it's best to get in touch with them, and to stay in touch, after their return.



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Its material aid program -- called "Let Nicaragua Live!" -- is not just providing emergency assistance and medical aid to cushion the blow of contra attacks and the U. S. trade embargo. It's also helping build a new society: training rural health care workers, supplying farm co-ops, and building childcare centers, schools and clinics.

There are many ways you can help the Nicaragua Network:

** You can display the enclosed decal on your car or in a window at home.

** You can get a local group -- at a church or synagogue, a political club, a student group or a labor union local -- to become a local committee in the Nicaraque Network.

** You can write or call your Representative in Congress and express your feelings about our country's support of the contras -- or write a letter to the editor of your local newspaper.

But more than anything else, the Nicaragua Network needs your financial support.

You and I receive a great number of fundraising appeals every week, and many of them are from worthy, hard-working groups whose goals we support. But in a complicated and difficult world, we have to pick and choose.

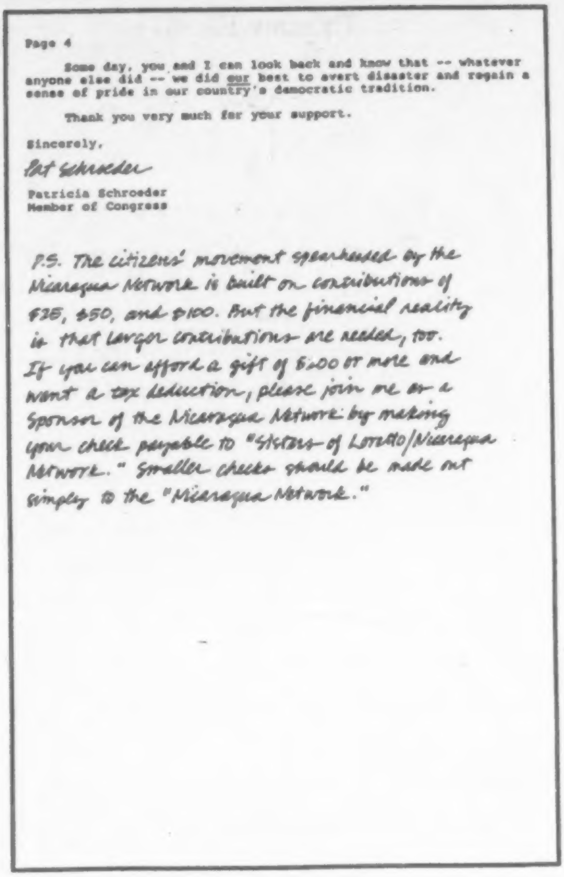
I hope you'll agree with me that at this critical point in the history of our country, the way we act toward the people of Nicaragua is an issue of the very highest priority. If you db agree, I hope you'll decide to give this appeal your immediate attention.

To my mind, it's absolutely vital that you and I do everything within our power to press our government to play a peaceable and constructive role in Nicaragua -- and to show the people of that tiny, struggling nation that we wish them well.

After all, aren't we big enough and rich enough to "Let Nicaragua Live?"

You can help the Nicaragua Network meet the immense challenge of reversing our country's misguided policy toward Nicaragua by sending a check today for $100, $50, or even $25. Please send as much as you can afford -- but send it without delay.

The Nicaragua Network must raise $33,94C simply to pay its bills for the next 90 days. But expenses are mounting quickly in the current crisis, and most of that sum is needed right away.



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Some day, you and I can look back and know that -- whatever anyone else did -- we did our best to avert disaster and regain a sense of pride in our country's democratic tradition.

Thank you very much for your support.

Sincerely,

Pat Schroeder

Patricia Schroeder
Member of Congress

P.S. The citizens' movement spearheaded by the Nicaragua Network is built on contributions of $25, $50, and $100. But the financial reality is that larger contributions are needed, too. If you can afford a gift of $200 or more and want a tax deduction, please join me as a Sponsor of the Nicaragua Network by making your check payable to "Sisters of Loretto/Nicaragua Network." Smaller checks should be made out simply to the "Nicaragua Network."

EXHIBIT EA-51

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EA 51

CONFIDENTIAL

UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF RICHARD H. MELTON

Washington, D. C.

Wednesday, May 27, 1987

Deposition of RICHARD H. MELTON, called for examination pursuant to notice of deposition, by telephone conference call at the offices of the Senate Select committee, Suite 901, Hart Senate Office Building, at 4:14 p.m. before REBECCA E. EYSTER, a Notary Public within and for the District of Columbia, when were present:

TERRY SMILJANICH, ESQ.
Associate Counsel
United States Senate Select
Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition

TIMOTHY E. TRAYLOR, ESQ.
United States House of
Representatives Select
Committee to Investigate
Covert Arms Transactions
With Iran

-- continued --

APPEARANCES (Continued):

GEORGE TAFT, ESQ.
Office of Legal Advisor
United States Department
of State
Washington, D. C.

KIRK-PATRICK KOTULA, ESQ.
Counsel General
United States Embassy
San Jose, Costa Rica

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PROCEEDINGS

MR. SMILJANICH: Mr. Kotula, if you would, go ahead and administer an oath to Charge Melton, we would appreciate it.

THE WITNESS: I do. I have just taken the oath.

MR. SMILJANICH: We really do need to get it -- go ahead and have him repeat it for the record.

MR. KOTULA: I asked Mr. Melton if he swore or affirmed the statement he is about to make is the truth to the best of his knowledge and he said he did.

MR. SMILJANICH: Thank you.

Whereupon,

RICHARD H. MELTON

was called as a witness and, having first been duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. SMILJANICH:

Q State your full name, please.

A My name is Richard H. Melton.

Q Mr. Melton, you are currently charge at the American embassy in San Jose, Costa Rica; is that correct?

A That is correct.

Q Starting in July of 1985, what position did you take with the State Department?

A During that month I took the position of Office Director of the Office of Central American Panamanian affairs in the Department of State.

Q That is within the Bureau of Inter-American Affairs; is that correct?

A That is correct.

Q And during your tenure as head of that office, Assistant Secretary Abrams was assistant secretary for that bureau?

A That is correct.

Q Now, in the early part of May of 1986, did you begin the first of a series of face-to-face meetings with a man by the name of General Jack Singlaub?

A That is correct. I believe during that period, the period in question, which is May of 1986, I had one, perhaps two face-to-face meetings with him. I also had several telephone conversations with him.

Q Just to take an overview for a second, in approximately -- in how many meetings in which you were present was Secretary Abrams also present in a direct meeting with General Singlaub?

A I believe, to the best of my recollection, two meetings. I couldn't give you the precise dates of those meetings.

Q Okay, fine. You have with you, do you not, copies of a series of memos that you authored concerning these meetings?

A Yes, I do.

Q And you have referred to those memos to help you refresh your recollection?

A Yes.

Q Okay.

The first memo we have is dated May 8, 1986. First let me ask you, do you recall meeting with General Singlaub on or about that date?

A Yes. With my memory refreshed by looking at the memorandum, yes.

Q Did you ever have any prior meetings with General Singlaub?

A The first memorandum that you referred to covers a meeting, I believe, on May 3rd.

Q I believe the date is, if you will look carefully, maybe your copy is poor, but it looks like my copy shows that the meeting took place on May 8.

A The copy I have, memorandum number 1, dated May 8, the first paragraph of that says that the meeting took place on May 3. That may be an error in transmission.

Q Okay. Okay. It is not particularly pertinent at this moment, but let me ask you, prior to the date of this particular meeting, had you ever met General Singlaub before?

A Yes, I had met him before. Some months before. I don't recall exactly what the date of that was. I don't have any notes with me.

Q Do you recall it was approximately some months before this meeting?

A It was in connection with a -- General Singlaub had gone to a Central American country and negotiated an agreement with the ambassador. It was in connection with that as I recall.

Q Okay. Did you meet with General Singlaub shortly after he came back from that trip?

A That was true. I would have to have the dates here but I think that this series of memos was shortly after that. I have to go back, so someone would have to refresh me on exactly when that agreement took place. But it was in the same time period.

Q Let me just tell you that the records indicate that General Singlaub had these series of meetings in the last week of March of 1986. And there were then a series of cables which I believe culminate in the cable of April 10, 1986. So that is the time frame concerning that particular agreement that General Singlaub negotiated.

So with that as a time frame, about when would it have been that you personally met with General Singlaub?

A It would have been in the context of those meetings that you referred to. I think you said they were in April?

Q Yes. The series of cables ended in April.

A It was in that time frame.

Q Okay. General Singlaub came to your office?

A Before this series of memos took place.

Q General Singlaub came to your office?

A No. No. In that instance, I was in a meeting that took place in Elliott Abrams' office.

Q And who all was present?

A As I recall, I was there, of course, Elliott Abrams, General Singlaub. I am not positive, but Deputy Assistant Secretary William Walker may have been in that meeting as well or in part of that meeting. I am not positive of that.

Q All right. Tell us your best recollection of what was discussed at that meeting.

A The earlier meeting?

Q Yes, this first meeting.

A I have no recollection of that specifically. The context in which that took place was the agreement which General Singlaub had worked out himself with Eden Pastora. The concerns that we had that Assistant Secretary Abrams expressed were that there was some confusion as a result of the content of that agreement, and the wording of that agreement that could have made it appear that the United States Government was a party to that agreement between General Singlaub and Eden Pastora. Assistant Secretary Abrams' concern was to dispel that, to make sure that both General Singlaub and Eden Pastora knew with absolutely no doubt that the United States Government was not a party to that agreement. That was the context of and the thrust of that meeting as I recall it.

Q Okay. Give me a second. Was anything discussed at that meeting concerning any intentions of General Singlaub to solicit foreign countries for aid for the Contras?

A No, not at all.

Q So the purpose of that meeting was simply to make clear to General Singlaub the position of the United States with regard to that agreement he had worked out and the fact that the United States was not a party or involved in any way with any such agreements or understandings he would reach with Eden Pastora; is that correct?

A That is correct.

Q One second.

A Beg your pardon?

Q One second.

(Pause.)

BY MR. SMILJANICH:

Q During that discussion, do you recall whether or not General Singlaub indicated that he had discussed these matters with the ambassador to that particular country where he had worked out this agreement with Mr. Pastora?

A No.

Q Do you recall anything in that discussion about the involvement of that ambassador -- of our ambassador to that country in connection with this agreement?

A Not in that discussion. And I, as I say, I do not have records here to indicate the timing of these things. So the specifics I may get wrong, but I am confident of the thrust of the meeting. Recounting that episode without being sure of the specific sequence of events, as I mentioned, there was a concern about a possible misunderstanding. The content of that agreement was cabled by the embassy to Washington and from the content of the agreement, from the cable, we were concerned, I know I was concerned and I know other people in the bureau were concerned that this so-called agreement could be misinterpreted as an agreement between the U.S. Government and Eden Pastora. As a result of that, we communicated with the embassy the specific instructions that this was not the case, that Eden Pastora should be so informed, and we undertook to insure that General Singlaub knew the same thing. So that was the context in which this took place.

Q Okay. Thank you.

Now, the next meeting you had with General

Singlaub would be the meeting that took place on either May 3 or May 8, the meeting that is referenced in this memo of May 8; is that correct?

A It may be that the copy I have is a transmission error. The date at the top is May 8.

Q Right. But that is the next meeting you had with General Singlaub?

A Yes.

Q That was a face-to-face meeting?

A That is right.

Q Now, certain matters were discussed there. First let me ask you about the discussion concerning this question of aid for Mr. Pastora.

A Yes.

Q He -- you set forth in your memo to Assistant Secretary Abrams the fact that Mr. Pastora was looking for a certain token amount of military equipment which he would like to get from the UNO stocks; is that correct.

A Well, as I understood it, this was something that had been worked out between General Singlaub and Eden Pastora. I don't know whether the initiative came from Eden Pastora or from General Singlaub. I am not sure of that.

Q Okay. Now, the last sentence of that particular part of the memo states: "Singlaub wants you to try to turn this around."

Do you recall that that was General Singlaub's wish?

A Yes, I do. He very much wanted this to happen.

Q Now, there is a marginal note up at the top which Mr. Abrams wrote to R.M.: That is you, is that correct, R.M.?

A That is correct.

Q And in it he indicates that, if I can just summarize it, that he appears to be in favor of this idea because it does involve such a minimal amount of equipment. Do you recall that that was Assistant Secretary Abrams' position?

A His position, I think that is what was -- the note was on the memo. That didn't imply a decision or a formal position on his part or on my part.

Q I understand that. But is it fair to say that the two of you together thought that there might be some merit to the request of General Singlaub?

A My view at the time was that there was a role in the resistance for Eden Pastora. He was the individual with the greatest name recognition among any of the resistance leaders. At that time he was talking about pulling out of the resistance and my view, and I believe it is fair to say it was Elliott Abrams' view as well, although he will speak for himself, that there was a role for Eden Pastora and we were interested in ways to encourage him to stay.

Q Now, turning to another topic at that meeting, General Singlaub advised you that he was departing for certain foreign countries with the plan to seek funds from those countries to sustain the Nicaraguan resistance; is that correct?

A That is correct.

Q Now, he named two particular countries which we will refer to as country 3 and country 5. Do you know the countries I am referring to?

A Yes, I do.

Q Okay.

Q Looking at the memo that you wrote, it appears fairly clear that you seemed to be generally in favor of the idea of sending a signal or indicating in some way our approval of his solicitation; is that correct?

A I wouldn't characterize it that way.

Q What would you say?

A Let me read the memo.

My interpretation of that and my view generally was that I knew that solicitations were -- by the State Department were legal. As to who would carry out a solicitation was a matter for someone to decide other than me. And my role in this, in this meeting, was to pass along the information and the request from General Singlaub. As to how it would be done, how it would be considered, that was really a matter for others to determine.

Q I understand that. Let me put it this way: This wasn't a decision for you to make, but you were certainly not opposed to the idea. I mean, it did not appear to be in any way an illegal request or asking you or State Department to do something that you couldn't officially do; isn't that correct?

A That is right. Solicitations were legal for humanitarian purposes.

Q Did General Singlaub in these initial discussions with you, did he tell you that he had previously made any solicitations to these particular countries in the past?

A He did not.

Q Did he -- was he asked about that, in other words, did he specifically deny that he had ever solicited funds from countries 3 or 5 or did that subject just never come up?

A It never came up. Basically I was listening.

Q Okay. You then sent this memo to Secretary Abrams to inform him of your discussion and then to determine what should be done thereafter; is that correct?

A That is correct.

Q Okay. Hold on one second.

(Pause.)

BY MR. SMILJANICH:

Q Let me back up for a second. In your last paragraph --

A May I say something?

Q Yes.

A It is, the meeting was on the 8th because the subsequent memo does indicate the 8th. It is clear that the first one was an error in transmission. The meeting was on the 8th.

Q Okay. Thank you. In the last paragraph of that memo, you state: "The simplest way to handle this would be over the secure phone. NSC approval will be needed." Why did you feel that NSC approval would be needed for this if this was an authorized activity by State Department?

A Well, any kind of a policy decision would have required some interagency consultation. And a matter like this, I assumed that it would be the subject of interagency consultation. These were policy decisions that were being raised and so they would be treated in an interagency forum.

Q Did you also believe that the regional secretary, assistant secretary for that particular area would also need to be consulted in connection with this, if it were to take place?

A I would think that the Secretary of State would be consulted.

Q All right. What about specifically the regional bureau?

A I would think that -- well, this is speculation, but, sure, I would think that certainly the regional assistant secretary would be consulted as well.

Q Did you bring this subject up with the -- with anybody in the regional bureau for the part of the globe affected by this?

A I beg your pardon?

Q Did you consult with anybody in the regional bureau that was responsible for countries 3 and 5 to discuss this matter?

A I took no further action other than writing the memo.

Q All right.

Let me move on to the next memo. The next copy we have is a memo to Deputy Assistant Secretary William Walker dated May 10. Do you see that memo?

A Yes, I have that.

Q Okay. Now, basically that is just a memo telling him about the same matters that you had previously summarized for Secretary Abrams; is that correct?

A That is right. Deputy Assistant Secretary Walker, who I normally reported to, was absent during that period and this was part of a memo bringing him up to date on things which had occurred in his answer absence so it is basically a recapitulation of the earlier memo.

Q Do you recall when Secretary Walker, Deputy Assistant Secretary Walker came back from his trip?

A No, I don't. I would have to look at a calendar but I would assume that it was probably a month, but I really don't know.

Q Let me jump ahead and ask this general question. In any subsequent meetings with General Singlaub, was Deputy Assistant Secretary Walker present?

A I think, I tend to go through this series, but I think there was only one other meeting. There were several telephone calls but I think there was only one other meeting. We can determine that as we go along.

Q Right.

A I am not sure whether Deputy Assistant Secretary Walker was present in a subsequent meeting. If he were there, normally he would be in a meeting like that, but at times he was called away, he was on the Hill or he might have been out of the country.

Q When we get to that particular meeting and as we discuss it, we will see if maybe something about it helps jog your memory and to whether he was or was not there.

A Okay.

Q So we will get to that.

Moving on to your memo of May 12, give me one second.

(Pause.)

BY MR. SMILJANICH:

Q Your memo of May 12, do you have that in front of you?

A I do.

Q In the first paragraph of it, the second sentence, you state that you had told General Singlaub that you had spoken with Secretary Abrams on May 10 about the subjects concerning the aid to Pastora and vouching for Singlaub. Do you recall that particular meeting with Secretary Abrams?

A Only in general terms. Not in any greater detail than is in the memo.

Q Well, is there anything you can add or subtract from the matters you set forth to him in your May 8 memo? In other words, can you think of anything in particular that you discussed that went beyond what is set forth in those memos?

A No. It was to inform him basically that there were -- that no decisions were reached on these things on either, on any of the topics that he had raised.

Q So Mr. Abrams did not make a specific decision as to whether or not to vouch for General Singlaub's efforts with these countries or for his request to help out in connection with some additional aid to Pastora; is that correct?

A That is right. He made no decision to do either of those things.

Q Did he tell you he was going to discuss those matters with somebody else to help him arrive at a decision?

A I believe the way it went is that he said he would be back in touch on those topics. And I was sort of in a holding position, pending further conversation with him. It was the kind of environment as it is in the bureau where you don't always get a chance to talk through issues entirely. You alert -- I alerted him about this issue. He, in our conversation, he indicated that he understood what it was and he said he would get back in touch kind of thing.

Q So Mr. Abrams had not to your knowledge made a specific decision to in fact send the signal to the foreign countries that General Singlaub had requested; is that correct?

A No, not at all.

Q Is the contrary true also, that he had not made a specific decision to decline to send such a signal?

A Not exactly in that categorical way. It was more that he would talk about it some more.

Q But he hadn't specifically ruled out the possibility, had he?

A He didn't say that I should convey a decision to that affect.

Q And he didn't tell you that he had ruled that out as a complete possibility, had he?

A He didn't say it one way or another. But he didn't authorize me to convey a decision that we would do that.

Q I understand. I just want to make sure that you are also clear about the fact that he hadn't come to a decision at that point to refuse to go forward, as General Singlaub had requested.

A I don't know whether he had or not, but he didn't convey to me a decision.

Q All right. Thank you.

Now, you set forth in your memo of May 12 the fact that General Singlaub called that particular day; is that correct?

A. Yes.

Q And he called from, I believe, country 3?

A I don't recall. That's not in my memo.

Q I see. You have just, you are looking at the redacted version?

A That is correct.

Q Okay. At any rate, you recall he called from one of these two foreign countries that he said he was traveling to?

A Right.

Q Okay. And I would like you to try to go beyond what is just set forth in your memo and try to recall what General Singlaub actually told you during that conversation.

A Basically had any decisions been reached and that was it. And I told him basically what is in the memo, that no decisions had been reached.

Q Do you recall whether or not General Singlaub indicated --

A Yes.

Q -- at that time that he was in fact on the verge of successfully making a solicitation and what he needed at that very moment was some type of a signal from the U.S. Government?

A Going back to the beginning of this sequence, as I recall it, he was making these trips, he had other business that was taking him to these areas. So as I recall it, he was making these trips, he would have made the trips if there had been no issue of a solicitation.

Q I am sorry. Could you explain that, what do you mean if there had been no issue of a solicitation?

A As I recall it, he was traveling to these countries and he wanted to make a solicitation. But he presumably had other business in those countries as well which he did not discuss with me. So even without a decision, he made the trips, so his other business took him to these countries.

Q I guess my question though is, do you recall that when he made this particular telephone call to you, he was at that very time engaged in this process of soliciting funds and needed -- and that was why he called you, because he needed a decision as soon as possible?

A Well, not to my knowledge. He was in the country. He had said in the first meeting that he sought some official indication that he was making these requests and that we were aware of it. So he was looking for that to make his request. And that was never forthcoming.

Q Your memo states that you told General Singlaub that you wanted to be helpful, that Secretary Abrams wanted to be helpful on both issues, but that the appropriate White House officials had been unavailable. What do you recall about that particular matter?

A That was in the nature, as I recall it, of a general kind of response to General Singlaub. General Singlaub was a man who was held in high regard and regardless of these specific issues, there was no desire on anyone's part to gratuitously offend him. So that in my conversations with him, I was conveying that sense or I sought to convey that sense. That's certainly my recollection, that is, that Assistant Secretary Abrams wanted to convey that as well.

Q Okay. Well, what appropriate White House officials were you referring to in your memo?

A Specific White House officials?

Q Yes.

A In a generic sense, appropriate officials could have been -- White House could have been left out very easily. I had no specific officials in mind.

Q But you specifically told General Singlaub that the appropriate White House officials were unavailable, but what you are telling me is that you in fact had no specific officials in mind?

A That's right.

Q So you hadn't been attempting to reach specific White House officials who were in fact unavailable; is that correct?

A Not at all.

Q Would it be fair to say that based on what you knew about, as you mentioned, that General Singlaub was a well respected American of some reputation that you were basically, I don't mean to put this in a pejorative sense, but that you were basically putting him off, because no specific decision had been made and you just didn't want to bluntly tell him that nobody had been consulted? Is that a fair statement?

A That is it. This was a temporizing response. That is exactly what it was.

Q Okay.

Now, then you set forwards in your memo the fact that decisions need to be made, A, about the limited amounts of equipment for Pastora, and, B, whether to inform the authorities in these countries, foreign countries, that the U.S. Government approves of his solicitation efforts.

Did you, after writing this memo, sit down with Assistant Secretary Abrams in which he came to a specific decision?

A Not at all. The "decisions needed" part is basically there is no new information there. It is basically a recapitulation of the original -- there is no new information there. It is basically a recapitulation of the original requests that were put by General Singlaub. And they were stated just as a reminder to Assistant Secretary Abrams, but they don't represent any new thoughts on the subject or really any new information. It is basically a recapitulation of the points raised in the original meeting.

Q Now, your memo indicates that a RIG meeting was scheduled for May 12 and that perhaps consultations with the agency could be handled at that particular RIG meeting. Do you recall making that particular recommendation to Mr. Abrams?

A I remember writing it in the memo, but I didn't make it other than that.

Q Did you attend a RIG meeting on May 12?

A No, I didn't.

Q Did you discuss with Mr. Abrams prior to the RIG meeting what if anything should be discussed at this meeting concerning this matter?

A No, I did not.

Q Do you know whether or not the matter was brought up by Mr. Abrams at the RIG meeting?

A No, I don't.

Q He didn't tell you afterwards whether he had done so or not?

A No.

Q Okay.

Now, why did you feel that you say both decisions will require consultations with the agency. First of all, by "the agency," are you referring to the CIA?

A Yes, I am.

Q Now, with regard to the decision number one, concerning aid to Pastora, I think I can understand what you were referring to there. But with regard to the second matter, involving vouching for General Singlaub's efforts, why did you feel that the agency was a participant in this decision?

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A On all decisions of policy, an interagency consultation process, it seemed to me, would be appropriate.

Q Okay.

Did you ever discuss this matter with anyone with the agency?

A No, I did not.

Q Specifically, the chief of the Central American Task Force at that time? Did you ever discuss it with him?

A Not with anyone from the agency.

Q All right.

Now, let's move on then to the memo of May 14, 1986. Do you have that in front of you?

A Yes, I do.

Q Okay. You state in there that you passed the decisions on the matters of aid to Pastora and solicitations by General Singlaub to General Singlaub that afternoon. First of all, I assume this was by a telephone conversation?

A That is right.

Q Do you recall whether or not you called General Singlaub or General Singlaub called you?

A I do not.

Q All right. Let me tell you why I would like you to think about that and get your absolute best recollection of it. General Singlaub has testified that he was in the process of making his solicitation efforts in one of these particular countries when he received a call from either you or Secretary Abrams basically telling him stop, stop whatever you are doing, we have -- we can't go forward with this matter. And that he said as a result of that phone call to him, he stopped, he stopped engaging in his efforts at that time.

I believe Assistant Secretary Abrams' best recollection is that this was a decision that was passed on to him after he called inquiring to find out, well, have you all made a decision yet.

So, you know, I am trying to see if you can -- if either of those jog your memory and if you could tell us whether or not you recall who placed the call and under what circumstances?

A My recollection is that throughout this process that the person making the queries about whether a decision had been reached, whether we were going to do what he wanted, that the initiative was with General Singlaub.

Q Okay. In other words, you specifically can state that to your best recollection this was -- you did not have to call General Singlaub to change a prior message that had been given to him concerning his efforts; is that correct?

A That is correct. In fact, I would not have known how to get in touch with General Singlaub.

Q Okay. Hold on one second.

Okay, now, in there you first of all told General Singlaub about the decision concerning Mr. Pastora. It was about this time, wasn't it, that Mr. Pastora had publicly announced he was withdrawing from the fight?

A That is correct.

Q And basically your memo sets forth your decisions and your reasons for the decisions. Do you have anything to add to it, do you recall anything else that entered into that particular decision?

A Yes. I would add one factor and that is that reaching his decision, that is, Eden Pastora reaching his decision -- he was making statements to the press critical of entities of the U.S. Government and of course these statements were not helpful to our concerns in the area. And we had an interest in trying to discourage him from making these statements. So I would add that to what is in the memo.

Q All right. Thank you.

Now, moving on to the next topic are the solicitation matters, your memo states, "I told Singlaub that I had been instructed to pass the following message to him," and then you have a colon and then you have an indented paragraph. It looks, from looking at this memo, as though you were very specifically setting forth word for word a message that you had been told to pass to General Singlaub. Is that in fact the case?

A That is very close to being correct. I wouldn't vouch for every word in that indent, but it is the substance, it is close to the substance of what I passed to him; that is correct.

Q Okay. It starts off by saying, "the earlier decision to pass the message he had requested had been reconsidered." What did you mean by that?

A I would say that is loose language. I may have said something approximating that, but loose language in the sense that there had not been any earlier decision to do this.

Q Do you recall --

A I have looked at the memos and if you go to the previous memo, the one dated the 12th.

Q Yes.

A The first sentence in that, "he called that morning to see if decisions had been reached." I think that is further indication that decisions had not been reached. So it would be certainly imprecise to say "earliest decisions," because there had been no decisions.

Q All right. In other words, between the date of May 12, when General Singlaub called, and May 14, when you discussed this matter with him again, there had been no intervening telephone calls?

A Correct.

Q So to your best recollection, there had not been, he had not been told that an earlier decision had been made to pass the message he had requested?

A That is correct.

Q Then you go on to say "the judgment here was that the timing was not right. To move now might complicate other priority matters of importance of which he was aware." That is a very intriguing sentence. What did you mean by that?

A As I recall, I think that is more or less what I said. And that language and that message, as I recall I got that from Assistant Secretary Abrams.

Q In other words, Assistant Secretary Abrams told you to tell him about complicating other priority matters of importance of which he was aware?

A That is right.

Q Did you know what Secretary Abrams was referring to?

A I did not. I took it to mean that it was more of the temporizing kind of response that had been characteristic of the entire process.

But see bottom of page 35, also p. 37 & p. 38

Q Okay. But --

A I didn't assume that this had any specific content to it.

Q But you are telling this to General Singlaub and certainly if it had no content to it, wouldn't you be concerned that General Singlaub's response would be, what are you talking about? What priority matters of importance? I mean, this wasn't just simply put-off language.

A If I were acting, in effect, under instructions, passing a message, then it wouldn't be required that I would have to explain what the message was. And I think that that is the way General Singlaub took it.

Q In other words, when you were given this message to pass, by the way, you were given specific language by Mr. Abrams; is that correct?

A He gave me generally not only what I should say to him and that is -- but I don't have it word for word. I wouldn't say that what I have in the memo is specifically what Assistant Secretary Abrams said. He didn't give it to me in writing and I didn't write it down immediately. It is more or less what the message was.

Q But he told you something concerning priority matters of importance of which General Singlaub was aware, right; you didn't make that up?

A That is right.

Q All right.

A More or less that. I would say a word here, a word there, but the substance of the message is correct and it is a faithful reflection of what I told him.

Q And you did not ask Secretary Abrams and he did not tell you in any way what he was referring to by these "other matters of importance" of which Singlaub was aware?

A No.

Q And when you read this message to General Singlaub, did he ask you right then and there what you were referring to?

A No, he didn't. He was disappointed, but he took the message more or less as a military man would.

Q Did he ask any questions?

A He realized throughout that what my -- what I was doing in this and so he took, he didn't take it that he would try to change things by debating an issue with me such as this.

Q In other words, during the series of conversations you were relaying messages between General Singlaub and Secretary Abrams and not acting in your own capacity as a participant in any decisionmaking; is that correct?

A Well, that is not entirely true. The decisions, I certainly did not make decisions in these instances, and in the first instance the contact was initiated by General Singlaub with the requests that were in the first memo, and my role after that was to convey what he had said and generally convey back to him a series of temporizing responses which culminated in edification of the decisions in both cases.

Q And when you use the word "temporizing," what you mean is, in other words, putting him off without --

A That's right.

Q -- specifically rejecting it, rejecting the idea abruptly?

A That is right. I think that would be the appropriate way, that we would have, that we did deal with him and for the reasons that I have stated earlier, that everyone had great respect for General Singlaub and no one, certainly I did not have any interest in treating him less than with the respect that I considered that he merited.

Q. But up to this phone conversation on May 14, you were not aware that these series of messages were simply temporizing. In other words, it was still possible up to this date that as far as you were concerned a decision might be made to go along with what General Singlaub was requesting; isn't that correct?

A I didn't discuss it in any great length. I think that is reflected in certain of my comments in these memos, that there was no conversation, no deliberation of which I am aware in the bureau on these topics.

In the one case the -- I am not aware of what consultations may or may not have gone on about the solicitation issue. The other issue, the one of materiel for Eden Pastora, that ended up that it was overtaken by events when Eden Pastora withdrew from the resistance.

Q I realize you did not participate in any decisions -- conferences which led to any decisions concerning this solicitation. But going back to my question, isn't it true that up to the passage of this message to General Singlaub on May 14, the possibility, as far as you were concerned, had not been ruled out that such a message might be able to be passed from the U.S. Government?

A That is true.

Q I mean, you had said in your previous memo --

A He didn't communicate that to me.

Q Okay. You had stated in your previous memo that if it was going to be done, the agency might have to be consulted with. You had mentioned the possibility of getting NSC approval, so these are all indications that as far as you were concerned, a decision had to be made one way or the other, but had not been made up until the time you passed this, were told to pass this message on May 14. Is that a fair statement?

A I think that is true.

Q Okay.

A And in outlining these things in sort of the comment, I was sort of outlining the interagency process of consultation that, in my judgment anyway, would be appropriate in these circumstances.

Q Let's go to the next memo. May 15, 1986. Do you have that?

A May 15?

Q Yes.

A Yes.

Q Okay. This indicates that General Singlaub called again on that day, raising the topic one more time. Do you recall that conversation?

A I recall it from being refreshed reading the memo, yes.

Q Now, this specifically does indicate that it was General Singlaub calling you, rather than vice versa. Do you recall that that was the case?

A Yes. I recall all the calls were initiated by General Singlaub for the reasons I stated, that basically he was in travel status, I wouldn't have known how to get in touch with him in any case.

Q Okay. Now, going to the second paragraph of your memo, it states that, you state that General Singlaub was puzzled by your comment concerning the timing of his planned fund raising initiative and it states, "I responded that important events and decisions were in the offing and that approaches by him at this time might complicate our efforts."

Now, in your previous memo you had, you have told us you were simply passing on a message that you were told to pass along. In this memo it indicates that you had to respond directly to General Singlaub on his question. What information did you have in mind when you told him that important events and decisions were in the offing?

A I had nothing in mind. That is basically a restatement of what the message was in another form. But I had no new information to pass to him. I basically restated the message I had given him earlier.

Q Okay. Well, at about --

A You will have to, you will have to talk about it when you get back. I really don't have anything more for you on it.

Q You mean that is what you told General Singlaub?

A Yes. I think I said -- I stated it a little bit more elegantly than that. That is basically what I said.

Q Okay. At about this same time, May 15, May 16, that time period of 1986, an NSPG meeting -- hold on a second -- discussed certain matters concerning solicitation. Were you aware of the fact that this was a topic which was being discussed at higher levels?

A No, I was not.

Q On or about that particular time, a specific decision was made to go forward, pursuant to some legislation which specifically authorized State Department to make such solicitations, a decision was made to go forward with such efforts. Were you aware that such a decision had been made at or about that time?

A No, I was not.

Q Okay. So when you refer to "important events and decisions are in the offing," you were not aware that that day or the next day such a meeting was going to be held?

A No, I was not.

Q Do you know whether or not your words in the offing were words that were suggested to you by Secretary Abrams?

A They -- it may have reflected the earlier decision, the earlier guidance that he had given me as to what I should say to General Singlaub.

Q Okay.

A But I wouldn't say that is word for word what the guidance was.

Q All right. Your last sentences, "I said that I was unable to be more specific over the phone but suggested that he talk to you on his return to the United States."

First of all, the, your phone conversation with General Singlaub was over an unsecured telephone line; is that correct? Hello? San Jose?

A Yes.

Q But you had nothing particular in mind when you told him this, that was of any particular sensitive nature that you couldn't discuss with him on the telephone; is that also correct?

A That is correct. I had nothing more really that I could convey to him.

Q Whether it was secure or unsecure?

A Correct.

Q All right. Now, let's go to the next memo, which

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is May 22nd, 1986. Do you have that in front of you?

A I do.

Q All right. That sets forth some talking points or a memo to Assistant Secretary Abrams to prepare him for a meeting with General Singlaub at 3:45 p.m. on May 23. Now, do you recall that such a meeting took place?

A As I recall it did. I would have to check the calendars.

Q Let me just tell you that --

A I believe it did.

Q Let me just tell you that Assistant Secretary Abrams' calendar shows for May 23 at that time a meeting with General Singlaub. Mr. Abrams does not have any specific recollection of that meeting. So he can't say one way or the other whether it did or didn't take place. But he doesn't deny that the meeting took place. He just has no specific recollection.

So knowing that the calendar, his calendar shows such a meeting and that your memo sets forth preparation for the meeting, my question is, can you tell us you have a specific recollection of your own that such a meeting took place on or about that time? Let me ask it this way.

A I can't.

Q Wait. Let me ask it this way: You recall that at least some point during this process Assistant Secretary Abrams and General Singlaub were face to face after that April '86 meeting; is that correct?

A I just assumed that this was when it was. I believe that is true. But I don't have any calendars here for my own schedule, so I really, I would have to look at my calendars. Did anyone ask Assistant Secretary Abrams' secretary whether the meeting took place? There is a log in the State Department that he would sign in if he came in that day.

Q We don't -- I don't have that information. But let me just put it this way: Separate and apart from any of your memos and any of your calendars, you can recall that you were present for a meeting with -- between General Singlaub and Secretary Abrams on two occasions, one shortly after the Pastora agreement matter, and one sometime during this process involving solicitation from foreign countries. Is that a fair statement?

A Yes.

Q All right. Given the fact that your memo

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indicates a meeting on May 23 concerning that matter and that Secretary Abrams' calendar shows a meeting on that particular date, I think we can safely assume that it was at or about that time that you had a meeting.

I don't want to tie you down to that particular date engraved in stone, but I want to get your memory of the meeting that took place at about that time between Secretary Abrams and General Singlaub. Go ahead.

A I think that is true, but I am looking over the points now and I don't recall -- I don't recall these points being made specifically by Assistant Secretary Abrams to General Singlaub. So I am just not sure whether --

Q All right. I will tell you what. Put the memo aside for a minute and just tell us everything you can about the second time that Abrams and Singlaub met.

A I have no specific recollection really. In my own mind some of these things are blended together, there were a series of meetings that took place with -- well, meetings, conversations, and I am not -- I am really not very clear that such a meeting --

Q All right. Well, I want you to understand --

A I am thinking.

Q I want you to understand, Mr. Melton, that obviously we want your best recollection. We don't want you to speculate. We don't want you to guess, but on the other hand, you don't have to be 100 percent certain of something in order to testify that it is your best recollection that something took place. So with that in mind, let me just ask you again what you can recall, if anything, about the second time in which Assistant Secretary Abrams and General Singlaub met face to face to discuss matters. What independent recollection do you have?

A I am afraid I don't have any.

Q All right.

A I really don't recall.

Q Let's look at the memo you wrote.

From all indications, looking at your copy of this, this is a memo that you wrote on or about May 22nd; is that correct?

A Yes.

Q We don't have any reason to assume that somebody made up this memo and put your name on it?

A No, no, I wrote the memo.

Q Okay.

Under the category of "fund raising for the resistance," do you see that toward the bottom of the first page?

A The memo number 6?

Q May 22nd, yes. Do you see that?

A Where is the -- oh, yes, I see that.

Q "Fund raising for the resistance."

A Yes.

Q It states, "Singlaub is a good soldier and at our request stood down on his planned approaches to the foreign countries." That is what it states; is that correct?

A That is right.

Q Now, that was in fact true, wasn't it, that he had in fact stood down on his planned approaches at your request; isn't that correct?

A It is not specific. It is not precisely -- it is not precise. He never was authorized to do these things. He had asked us to, in effect to provide some indication to those governments that he was, that he at least was doing, was known and approved of by the U.S. Government, and he never got that. So that is what it really means.

He wanted to make these solicitations, I think, and the way he expressed it, that they would not prosper, I don't think he thought they would prosper unless he -- there was some indication that there was a sponsorship or that at least we knew about it. And he never got that. So that is what actually happened.

Q I understand. I am just, I don't want you to read too much into my question. I am just simply saying that he certainly planned to make some approaches and he had to stand down from his approaches at your request; isn't that correct?

A As I recall it, he was going to these two countries and he wanted to make solicitations while he was there; as I recall it, he was going there for other business. But while he was there, he wanted to make these solicitations. And he, because he was, he didn't get what he wanted from us, I don't believe he made those solicitations.

Q All right.

Going on to the next page of your memo, you list three points to make with General Singlaub. Do you recall setting forth those three points in your memo?

A Yes.

Q All right. The first point simply says, "I appreciate your willingness to cancel your planned approaches on such sketchy information." What did you mean by "sketchy information"?

A It was the telephone information that I had given him that was laid out in the previous memos.

Q You go on to say "important national security considerations were involved (explained)." Would you please explain for us?

A There is no explanation. That is just a heading that I didn't have anything more about this than I had already conveyed to General Singlaub. If there was anything else to be conveyed, it would have to be conveyed by Elliott Abrams. This is basically a heading to explain this; he will have to say what it is, if anything, that goes under that heading. If I had more details, had something specifically in mind, I would have put it there. But I didn't have anything specifically in mind.

Q Did you believe that, I am just asking you for your own belief and perception now, did you believe that Assistant Secretary Abrams had made this up about national security considerations as an excuse to put off an important man like General Singlaub?

A Well, I think that, and this is now based on what I know now about solicitations that were made, and knowing now that this was approximately the time when these things were being considered, I would take it that that, that that is what the considerations were that were on the table at this time. But at the time I didn't know that.

Q Okay. Do you recall in the meeting in which you were present when Assistant Secretary Abrams and General Singlaub were talking, do you recall any part of the discussion between the two of them concerning these national security considerations?

A No.

Q Let me ask you this: Are you telling us that you were not present when such discussions took place or that you just don't recall one way or the other whether such discussions took place or thirdly --

A I really don't have any recollection of that at all, that the -- I think that the -- subsequently I learned that the factor -- in this case, if solicitations were going to be made, they would be made by the U.S. Government, and not on behalf of the U.S. Government. I think that is what the decision that was subsequently reached was.

Q When did you learn that?

A Very recently. Some of it on the hearings.

Q Oh, you mean this isn't something you learned back then?

A No. No.

Q Oh, okay. Going back to what you knew then and not when we all know now, are you telling us that it is your best recollection that such discussions were not held in your presence, or simply that you don't recall one way or the other?

A I really don't recall. I don't recall really.

Q All right. You state in there your final point under that category is, "private fund raising is a key element of our strategy (explained)." Would you please explain that for us?

A I had in mind basically that the President and on down, that it was, we had stated we would need their support for the resistance and they -- they were receiving funds and we were aware that they were receiving funds from private donors. And the President on down, that was, we had hopefully stated that was support for the resistance. It was in that context. Nothing specific about any specific fund raising.

Q You talk of it in terms of a key element of our strategy as though it were a part of an overall approach.

A I was trying to, when I wrote this, I was trying to outline sort of the topics that would likely come up, and the things that Assistant Secretary Abrams would need to respond to without providing a detailed script for him to use in such a meeting, so that the points are really in the nature of headings rather than in the nature of specific talking points for him to use.

Q All right. I don't mean to imply by asking this question that there is some implication that there is anything wrong with any of this, but isn't it true that private, that his efforts at private fund raising to generate cash for use by the Contras was in fact something that was known to be taking place and that was, it was felt, was consistent with your Central American policy?

A A general point, not a specific point.

Q I don't understand what you mean by that, a general point. Not a specific point.

A Contra fund raising?

Q Yes.

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A Fund raising, I think most people were aware that there was, that the resistance was receiving private funds. And the U.S. Government did not take a position against that.

Q Well, in addition to not taking a position against it, was it in fact a key element of the Central American strategy?

A That is an overstatement in the sense that there was a strategy in which the private fund raising had a place which we had decided where that place was and that sort of thing. That is not an accurate statement.

Q Well, let me understand this though, if it is not an accurate statement, why did you put it forth here as a point for Secretary Abrams to make to General Singlaub?

A It is a heading that private fund raising, what I had indicated there was that a point to be made in the meeting was something that would say that we think this is, private fund raising is fine, so long as it is within the legal requirements of the United States.

Q Okay, fine.

The next and I believe last memo -- no, two more memos. The next memo we have, May 28, 1986, do you have that memo in front of you? Do you have it?

A Yes, I do.

Q Okay. Indicates that General Singlaub called again to ask for reconsideration of the counsel not to solicit funds. Do you have any independent recollection of that call?

A As I recall, it is basically as recorded there.

Q Do you remember where General Singlaub was calling from?

A No, I don't.

Q Okay.

A Well, it is indicated where it was, he was calling from someplace in Washington.

Q It says at the end, Singlaub will be in town until Friday. I see that.

A Yes.

Q Okay.

A This basically is a report of what he said.

Q I understand. In your memo you state that Singlaub had said he had transferred funds from an overseas to a domestic account to have them available for quick disbursal if needed. Did General Singlaub indicate how much

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money he had available to him at that time for disbursement to the contras?

A No.

Q He never gave you a ballpark figure?

A No. Never discussed it with him.

Q Did he ever tell you how much money he intended to ask for from the foreign countries?

A Yes. That is in the memo. That is in one of the early memos.

Q Do you have an independent recollection that he told you $10 million?

A Yes. That is my recollection. I think that is what is in the memo, yes.

Q Okay. And he asked then if in light of the circumstances concerning pending legislation and the need for cash, if it might not be wise to reactivate his proposal to seek funding from his sources in these foreign countries.

And you state there, I confined my response to stating that I would raise the matter with you and get back in touch. Is there any reason why you just didn't tell him then that a decision had been made and that was the end of it?

A No. In any circumstance like this, I would pass the information on any similar kind, not even similar but something where a request was conveyed to me where it would require a policy decision. I would always pass that request forward.

Q Okay. Let me move forward to the next -- hold on one second.

(Pause.)

BY MR. SMILJANICH:

Q Let me go to the next memo of May 29, 1986. Do you see that?

A Yes.

Q It indicates in there that you conveyed a message from Assistant Secretary Abrams. In between the memo of May 28 and May 29, we don't have a copy of any memo that you might have received from Assistant Secretary Abrams. Do you know whether or not you discussed this with Mr. Abrams face to face between those two dates?

A As I recall, it is just that basically to tell him that the answer, the answer is the same as before.

Q . I guess my question though is, the end of your memo of May 28 says, anything I can tell Singlaub, question mark, and then the next day you are conveying a message from Mr. Abrams.

A The message that he told me to convey.

Q That is, my question is, did you meet with Mr. Abrams and get this message to convey?

A I saw him very frequently, and in the course of our regular meetings he conveyed, he told me what I should tell him.

Q Okay.

A That is what I told him.

Q In other words, you raised it in person with Mr. Abrams and he told you what to tell him? Did you say no? I am sorry. I missed what you said at first.

A I sent the memo, and as would be normal in this case, he wouldn't respond, I wouldn't get a memo back but I saw him frequently and he would say, well, this is what we or I would raise it, I said what should I tell General Singlaub, and in the course of going over a series of things, he gave me the guidance on that and that is basically the guidance that is reflected in the memo.

Q So your May 29 memo sets forth the substance of what Mr. Abrams told you to tell General Singlaub?

A That is correct.

Q Now, nowhere in this series of memos is there any memo from Assistant Secretary Abrams to you. Do you recall whether or not he ever sent any memos to you on this subject?

A No. But that is not the way in which the bureau operates. Memos go up and but memos do not come down.

Q Okay.

A That is generally true.

Q Okay. Now, let's go to the message that you conveyed to General Singlaub. First of all, how did you convey this to him, by telephone?

A Yes.

Q Okay. Do you recall whether he was in town?

A I think that is right, because the previous one says he would be there until Friday, and I would, I think probably the 29th probably was Friday.

Q Do you recall whether you called him or he called you?

A I don't, but I may have called him in this instance. I think I probably did call him.

Q Okay. And you state then the situation on fund raising is basically the same as previously described to him, to wit, it would still be premature for him to reactivate his efforts with these countries.

When you referred in there to the situation being as previously described to him, does that jog your memory that you were ever, that you can recall what discussions were held between General Singlaub and Mr. Abrams about what the situation was that was described to him?

A Regurgitation of what was conveyed in the previous conversations with him. There is no more than is there, and in some ways there is not as much as there seems to be in the brief messages that were conveyed. But there is no more substance. It was basically saying, no, there is no change in the decision, and it is conveyed in language that is designed to be sort of less categorical than really the position was.

Q Your next paragraph says "we applaud his efforts on behalf of the resistance and urge him on in his other endeavors." Do you recall what other endeavors of General Singlaub were referred to there?

A None at all. That is very general and it is in the context of General Singlaub is, you know, an authentic

American war hero.

Q And when you talk about his efforts on behalf of the resistance, what perception did you have of the role General Singlaub was playing with regard to the Nicaraguan resistance?

A I had no detailed knowledge at all of what his role was. I have subsequently learned a great deal by listening to some of the hearings.

Q Let me exclude that, and I am not asking for --

A I really didn't have any real knowledge of what activity he was engaged in.

Q All right. You said detailed knowledge. I realize you didn't have any detailed knowledge, but what general knowledge did you have as to his activities. I mean, he was a pretty public figure. He didn't hide what he was up to. I am just trying to find out what you perceived at that time.

A I had read things in the paper about what he was doing and that sort of thing and charges and counter charges. And he was, he has never been hesitant to talk to the press. So I read some of those things that, what he was doing and that sort of thing, but I had no -- frankly, I really didn't focus on him and what his activities were. I really didn't have any great knowledge of what his activities were.

Q Okay. Let me go back to the meeting, the face-to-face meeting with General Singlaub which took place after he had come back from his visits to countries 3 and 5. I with like you to focus on that conversation one more time. First of all, do you recall whether or not anyone else was present for that discussion besides yourself, Abrams, and Singlaub?

A I don't. And as I say, I am not -- I am very hazy on that. I really don't have any specific recollection. I think you could probably establish this by talking to other people as to what, as to whether the meeting actually took place.

Q Well, let me just say this; Assistant Secretary Abrams recalls --

A Had there been a meeting, it would have been Assistant Secretary Walker.

Q Well, I need to find out what you can remember, Mr. Melton. I can tell you this: General Singlaub remembers a meeting, Assistant Secretary Abrams remembers a meeting, but recollections differ as to whether, who else was present for those meetings. What is your best recollection? A meeting took place. There is no question about it. I am just trying to find out who you can recall being present.

A If we have definitely established that the meeting took place, then I would have been there. It may have been just me.

Q All right. Do you recall at any time, at any meeting between Secretary Abrams and General Singlaub, whether or not Abrams ever made a comment to General Singlaub telling him that the highest levels of government, or words to that effect, had made the decision that General Singlaub should not go forward with his efforts with countries 3 and 5 due to other important matters at the highest level?

A Not specifically in those terms, but something like that would be sort of consistent with the messages I was conveying to him, designed to convey a, really a "no" to him in a way that would be more acceptable than just a categorical "no" and explanation.

Q Well, I understand that. Again, by asking the question, I don't mean to imply that there is anything wrong with any of this.

A Consistent with the way in which all of the messages were conveyed to General Singlaub. So I have no specific recollection of that language, but some language which put the decision in less than categorical terms, no, we don't want your help was consistent with the kinds of messages that I was conveying to him throughout this process.

Q I don't mean to imply by my questions that there is anything wrong with this. In fact, it would be human nature if you were going to tell no to somebody as important and with such a reputation as General Singlaub, to look to somebody higher up as the excuse for why something can't be done. In other words, Assistant Secretary Abrams saying, well, somebody higher up has decided this. That would be, in fact, as I say, human nature.

My question is, do you recall that such an implication was made at the meeting with General Singlaub?

A I don't specifically recall that kind of language, but --

Q But you don't rule it out?

A Beg your pardon?

Q But you don't rule it out?

A Well, not -- I don't rule it out, but it is something that would have put the decision in terms that would make it more acceptable to General Singlaub. I think that was the sort of the thrust of all of the messages conveyed to him. And I think that, I am looking back through my own memos, that is sort of the general theme that goes through them, important national security considerations were involved, the other things that I conveyed to him were in that tenure. So something like that, sure, that --

Q Hello?

A Yes, I am still here.

Q I am sorry. Were you finished with your sentence?

A No, I said something like that would not be, you know, that is consistent with the kinds of messages I was conveying to him and that would be, not necessarily that specific language but something like that, yes, that important national security considerations, that I think that you are a patriot.

Q Okay. I have just got one other quick topic to cover.

A Sure.

Q During the time you were director of the Office of Central American Affairs, there was an interagency group, restricted interagency group referred to as the RIG, which met periodically and included several people, representatives from the NSC, the CIA, Joint Chiefs of Staff, Department of Defense, and State Department. During your tenure as Director of Central American Affairs, such an organization existed; is that correct?

A Yes. An informal organization. True. It did exist, and continues to exist.

Q Okay. To your recollection, during the period of time from late 1985 and throughout most of 1986, was there a smaller informal working group that, within the RIG, that dealt with matters concerning the Contras composed of Oliver North from the NSC usually, Secretary Abrams from State Department, and the Central American Task Force director for the CIA; do you recall such an informal subgrouping meeting off and on during that time period to discuss --

A It is true that those individuals and often one or two others would meet on various issues on an informal basis, not a scheduled kind of meeting. But they did meet, those three plus others on an informal basis periodically, that is true.

Q There were several times it was in fact just those three that would meet; isn't that correct?

A That would be true, too.

Q All right. And when you say a few others on occasions, who would be the others that might join this particular informal grouping?

A Occasionally Deputy Assistant Secretary Walker, occasionally Deputy Assistant Secretary James Michael.

Q Okay. But usually those three in particular would be present; isn't that correct?

A Yes, maybe -- that is right, yes. I would say generally, Ray Burghardt from the NSC might be there sometimes.

Q But again more often than not, it was the first three I mentioned that would usually be present for such an informal gathering?

A Oliver North was traveling frequently and there, to my knowledge, there were informal sessions where others would be present but he wouldn't.

Q I understand that. But usually North, Secretary Abrams, and the Central American Task Force director were the three that more often met concerning these matters than the others; isn't that correct?

A Yes, I would say that is true. The other members of the RIG, you mean?

Q Yes.

A Yes, that is true.

MR. SMILJANICH: Thank you. That is all the questions I have.

MR. TRAYLOR: I don't have any questions.

THE WITNESS: Could I add one thing. I was not a member of these groups, so I am giving you information based on my observations, but not as a participant in the meetings, either the meetings of the RIG or the informal meeting.

BY MR. SMILJANICH:

Q Right. I understand that. You were not personally present at these meetings but you could, you could, you would know when meetings were being held and you could see generally who was participating in those meetings?

A In a general sense, my office is on the fourth floor and Assistant Secretary Abrams' office is on the sixth floor. And very often a meeting might take place before or after a regularly scheduled RIG meeting, so since I was not participating in the RIG, I wouldn't be in a position to know how frequently these meetings took place, but they did take place.

Q Did you ever hear this informal group referred to as a mini-RIG or a RIGlet?

A A RIGlet. That strikes a bell, but it has no, that rings a bell but --

Q But what?

A But no more than that.

Q Okay.

A That is just an impression.

Q All right. Okay.

MR. SMILJANICH: That is all the questions I have. And Tim Traylor indicates he doesn't have any follow-up questions. So that will conclude this deposition. I want to thank you again for making yourself available under these rather unusual circumstances.

If this matter is transcribed and if we are ever, if you ever need to refer to this matter, we will certainly be happy to make it available to you for your review, should the occasion ever arise. But again, thank you very much for your testimony and that will conclude the deposition. Thank you.

THE WITNESS: Thank you. I would have rather done it in person, but that is fine.

MR. SMILJANICH: We are all off the record now.

(Whereupon, at 5:50 p.m., the deposition was concluded.)

____

RICHARD H. MELTON

CERTIFICATE OF NOTARY PUBLIC & REPORTER

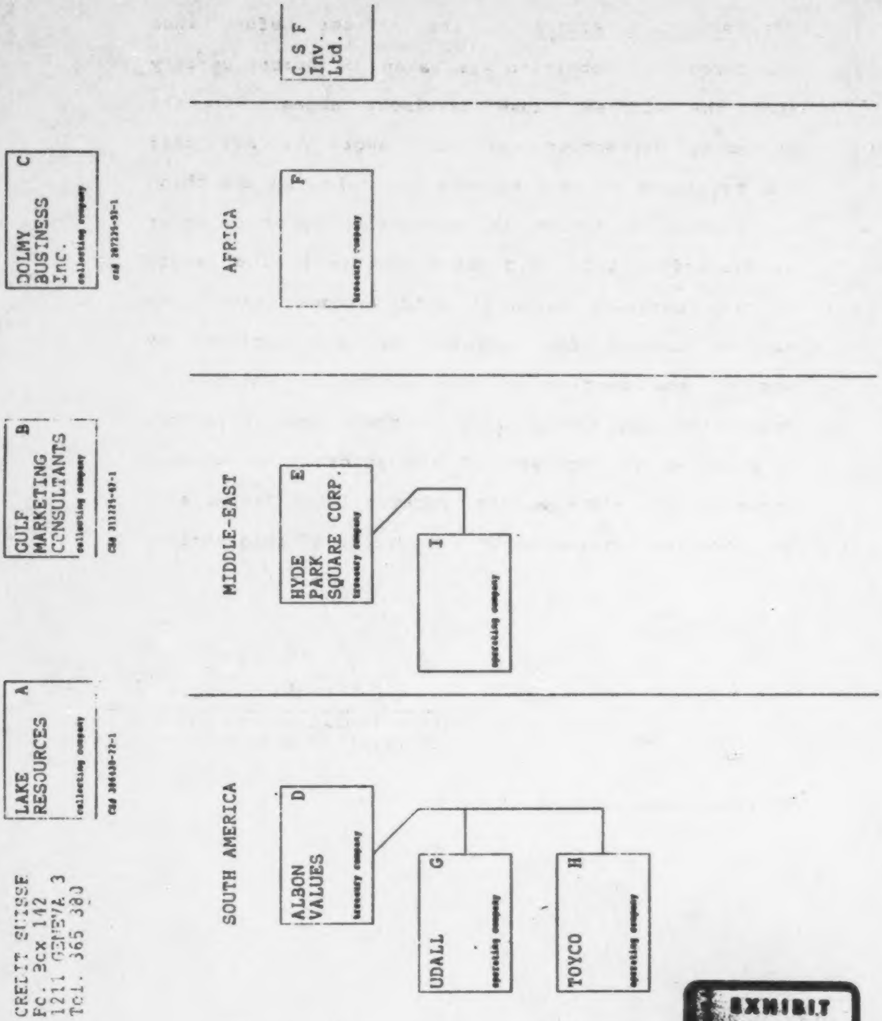
I, REBECCA E. EYSTER, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Rebecca E. Eyster

Notary Public in and for the
District of Columbia

My Commission Expires 10/14/89

Exhibit AH-1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Pc. Box 142
1211 GENEVA 3
Tel. 365 380
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treasury company
C S F Inv. Ltd.
UDALL G
operating company
TOYCO H
operating company
I
operating company

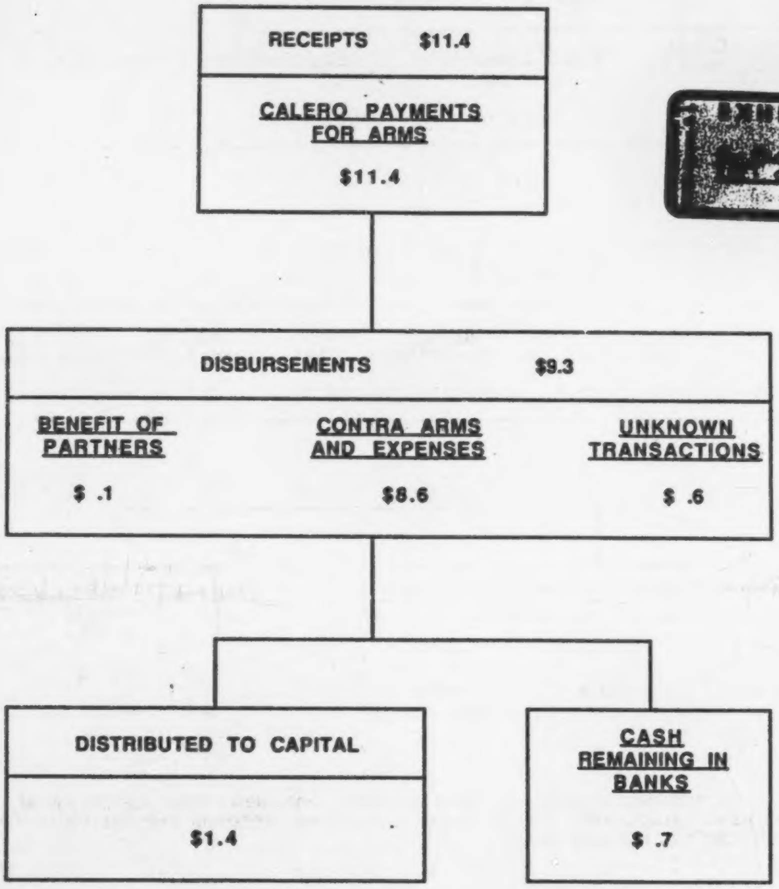
EXHIBIT
AH-1

EXHIBIT AH-2

SUMMARY OF HAKIM ACCOUNTING RECORDS PHASE I

APPROXIMATELY DEC. '84 TO JULY '85
MILLIONS OF DOLLARS

EXHIBIT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DISBURSEMENTS $9.3
BENEFIT OF PARTNERS
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CONTRA ARMS AND EXPENSES
$8.6
UNKNOWN TRANSACTIONS
$ .6
DISTRIBUTED TO CAPITAL
$1.4
CASH REMAINING IN BANKS
$ .7

SOURCE: ACCOUNTING LEDGERS AND BANK RECORDS OBTAINED FROM ALBERT HAKIM. DISBURSEMENT ALLOCATION DERIVED FROM ACCOUNTING RECORDS AND TESTIMONY OF ALBERT HAKIM AND RICHARD SECORD.

EXHIBIT AH-3

SUMMARY OF HAKIM ACCOUNTING RECORDS PHASE II

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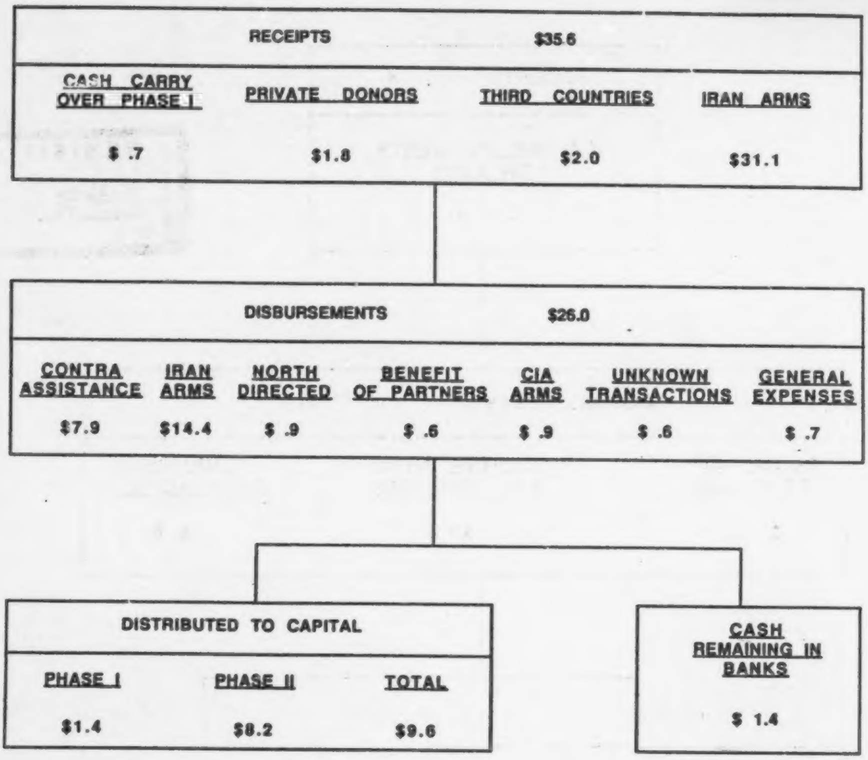
MILLIONS OF DOLLARS



RECEIPTS $35.6			
CASH CARRY OVER PHASE I	PRIVATE DONORS	THIRD COUNTRIES	IRAN ARMS
$ .7	$1.8	$2.0	$31.1

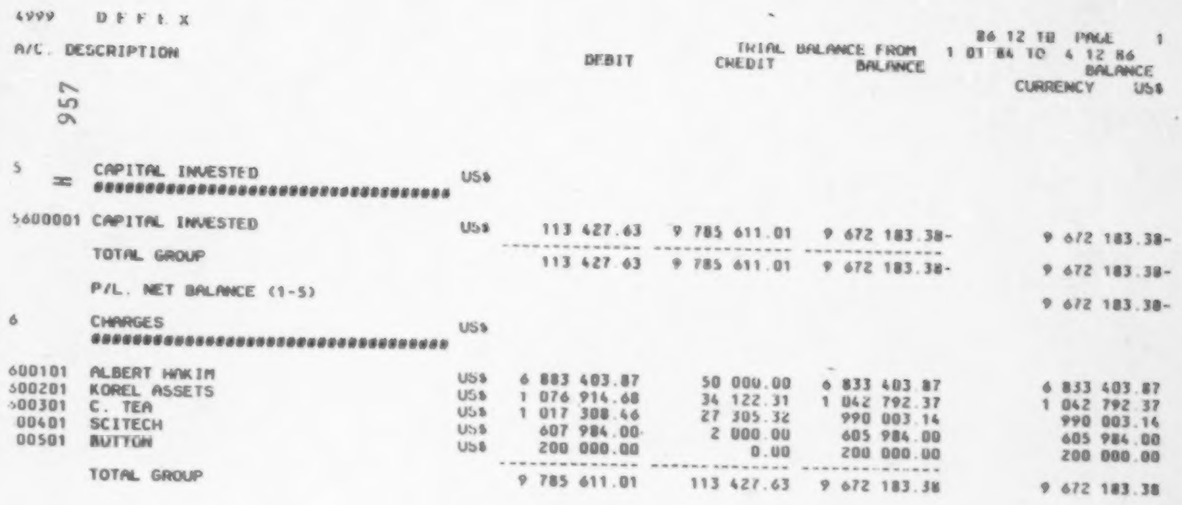
DISBURSEMENTS $26.0						
CONTRA ASSISTANCE	IRAN ARMS	NORTH DIRECTED	BENEFIT OF PARTNERS	CIA ARMS	UNKNOWN TRANSACTIONS	GENERAL EXPENSES
$7.9	$14.4	$ .9	$ .6	$ .9	$ .6	$ .7

DISTRIBUTED TO CAPITAL		
PHASE I	PHASE II	TOTAL
$1.4	$8.2	$9.6

CASH REMAINING IN BANKS
$ 1.4

SOURCE: ACCOUNTING LEDGERS AND BANK RECORDS OBTAINED FROM ALBERT HAKIM. DISBURSEMENT ALLOCATION DERIVED FROM ACCOUNTING RECORDS AND TESTIMONY OF ALBERT HAKIM AND RICHARD SECORD.

EXHIBIT AH-4



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                                                 ------------- ------------- -------------
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| 6      CHARGES                            US$
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500201   KOREL ASSETS                       US$   1 076 914.68      34 122.31   1 042 792.37       1 042 792.37
500301   C. TEA                             US$   1 017 308.46      27 305.32     990 003.14         990 003.14
 00401   SCITECH                            US$     607 984.00       2 000.00     605 984.00         605 984.00
 00501   BUTTON                             US$     200 000.00           0.00     200 000.00         200 000.00
                                                 ------------- ------------- -------------
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EXHIBIT
AH-4

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                                                                                  CURRENCY     US$

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EXHIBIT AH-5

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FROM 01 01 84 TO 04 12 86
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959

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EXHIBIT
AH-5

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5600001  CAPITAL INVESTED                             (SUITE)
 24  5 PMT HOTEL INTERCON SFR 578              600101                                          224.12    1 258 473.90-
 30  5 TR TO BK OF KOREA                       600101                                       50 000.00    1 308 473.90-
  7  6 TR TO A HAKIM                           600101                                       30 000.00    1 338 473.90-
 17  6 FUNDS RETURNED UNPAID                   600101                      50 000 00                     1 288 473.90-
 18  6 TR TO BK OF KOREA                       600101                                       45 000.00    1 333 473.90-
  3  7 CASH WITHDRAWAL                         600101                                          420.17
  3  7 CASH WITHDRAWAL                         600201                                          210.08
  3  7 TR TO 1ST AMERICAN BANK                 600301                                       25 000.00    1 359 104.15-
  5  7 TR TO AH THRU RNB                       600101                                       20 050.00    1 379 154.15-
 10  7 TR TO  PHILLIPS                         600401                                        4 000.00    1 383 154.15-
 15  7 CASH WITHDRAWAL                         600101                                       20 300.00    1 403 454.15-
 16  7 CASH WITHDRAWAL                         600101                                        2 500.00
 16  7 CASH WITHDRAWAL                         600201                                        2 500.00
 16  7 WITHDRAWAL US$ NOTES                    600301                                      206 090.35    1 614 544.50-
 19  7 CASH WITHDRAWAL                         600201                                        7 000.00    1 621 544.50-
 22  7 TR TO LOS GATOS                         600101                                       75 000.00    1 696 544.50-
 16  8 CASH WITHDRAWAL                         600101                                        2 943.46    1 699 487.96-
 28  8 CASH WITHDRAWAL                         600101                                       10 000.00
 28  8 TRANSFER                                600401                                       48 560.00    1 758 047.96-
  3  9 CASH WITHDRAWAL                         600101                                        7 000.00    1 765 047.96-
 17  9 CASH WITHDRAWAL                         600201                                       10 000.00
 17  9 CASH WITHDRAWAL. MASOUDI                600201                                        2 000.00    1 777 047.96-
 20  9 CHQ K. PHILLIPS                         600401                                        2 000.00
 20  9 CHQ K. PHILLIPS                         600401                           0.00                     1 779 047.96-
 23  9 CASH WITHDRAWAL                         600101                                       11 500.00
 23  9 CHQ KEUN SIK WON                        600101                                        9 500.00    1 800 047.96-
 24  9 CASH WITHDRAWAL                         600101                                        5 000.30    1 805 048 26-
  1 10 CHQ K. PHILLIPS                         600401                                        2 000.00    1 807 048.26-
  4 10 CASH SOONI HAKIM                        600101                                        1 500.00    1 806 548.26-
 15 10 CASH WITHDRAWAL                         600101                                        2 000.00    1 810 548.26-
 23 10 CASH WITHDRAWAL                         600201                                        9 000.00    1 819 548.26-
 25 10 CHQ K. PHILLIPS                         600401                                        2 000.00    1 821 548.26-
 28 10 CASH WITHDRAWAL                         600101                                      102 000.00    1 923 548.26-
  7 11 CASH WITHDRAWAL SFR 2000.-              600101                                          943.40    1 924 491.66-
 12 11 CASH WITHDRAWAL                         600201                                        7 000.00    1 931 491.66-
 14 11 TR TO CIE DE SERV FID RE AH             600101                                       43 030.00    1 974 521.66-
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4999     D E F E X                                                                       86 12 10  PAGE       3
         LEDGER                              FROM 01 01 86 TO 04 12 86

A/C   NAME & DESCRIPTION                       DOC NO CONTRA                   DEBIT          CREDIT        BALANCE

5600001  CAPITAL INVESTED                              (SUITE)
 15 11 TR TO CIE DE SERV FID RE AH              600101                                 20 000.00
 15 11 CASH WITHDRAWAL                          600101                                 25 000.00   2 019 521.66-
 22 11 CASH WITHDRAWAL                          600101                                 21 470.00   2 040 991.66-
 25 11 CHQ K. PHILLIPS                          600401                                  2 000.00   2 042 991.66-
  3 12 PMT VITA ZURICH SFR 19844 80             600101                                  9 529.32
  3 12 PMT VITA ZURICH SFR 8'332.-              600101                                  4 000.96   2 056 521.94-
 16 12 CASH WITHDRAWAL SFR 5000.-               600101                                  2 386.63   2 058 908.57-
 17 12 BAL OF ACCT PHASE I-II-III               600101                                 82 031.09
 17 12 PROFIT DISTRIBUTION PHASE IV             600101                                100 800.00
 17 12 PROFIT DISTRIBUTION PHASE IV             600201                                100 800.00
 17 12 REF CHQ K  PHILLIPS                      600401                   2 000.00
 17 12 PROFIT DISTRIBUTION PHASE IV             600301                                 50 400.00   2 390 939 66-
86
 21  1 TR TO HOWARD RICE                        600101                                 20 000.00   2 410 939.66-
  6  2 TR TO SCITECH                            600401                                100 000.00   2 510 939.66-
  7  2 TR TO A. HAKIM                           600101                                165 000.00   2 675 939.66-
 13  2 CHQ TO A. GREEN                          600201                                 35 000.00   2 710 939.66-
 18  2 CASH ADVANCE                             600301                                 15 000.00   2 725 939.66-
 19  2 CASH WITHDRAWAL                          600101                                  1 351.42   2 727 291.08-
 26  2 TRANSFER TO SHARP GREEN & LANK FU        600201                                  1 670.50   2 728 961.58-
  5  3 CSF INV. AH/SUB A/C                      600101                              2 000 000.00   4 728 961.58-
 18  3 CIE SRV FID CASH AH                      600101                                 28 000.00
 18  3 CSF INV. CASH AH                         600101                                 50 000.00   4 806 961.58-
 14  4 TRANSFER                                 600301                                 25 000.00   4 831 961.58-
 17  4 AH SFR 136734.90                         600101                                 72 580.00
 17  4 CASH ALBERT HAKIM                        600101                                  3 000.00
 17  4 CSF INV. LTD                             600101                                 15 000.00   4 922 561.58-
 18  4 CSF REIMBT KHALID RASHID                 600201                  31 817.00                  4 890 724.58-
 22  4 REIMBT DEFEX                             600301                  25 000.00                  4 865 724.58-
 28  4 CASH PASSPORT USA                        600101                                  4 975.00
 28  4 CSF CHQ RVS                              600201                                 28 111.00   4 898 810.58-
  2  5 TRANSFER                                 600301                                  2 274.80   4 901 085.38-
 16  5 TR TO TAA                                600401                                150 000.00   5 051 085 38-
 '0  5 CIE SERV. FID AH                         600101                                 26 490.00
  U  5 CSF RVS                                  600201                                 26 490.00
 20  5 CIE SERV FID SCITECH                     600401                                  8 833.00
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961

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4999 DEFEX
LEDGER FROM 01 01 84 TO 04 12 86 86 12 10 PAGE 6

962 =

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
5600001	CAPITAL INVESTED	(SUITE)			
20 5	CSF INV RE BUTTON	600501		200 000.00	
20 5	TRANSFER	600301		26 490.00	5 339 388.38-
21 5	CSF INV. AH SUB A/C 1	600101		10 000.00	
21 5	CASH WITHDRAWAL	600101		60 300.00	5 409 688.38-
22 5	CSF INV. RE SCITECH	600401		100 000.00	5 509 688.38-
23 5	CIE DE SERV FID RE AH	600101		500 000.00	6 009 688.38-
27 5	CASH	600101		10 000.00	6 019 688.38-
3 6	TR TO CSF INV. RE AH	600101		79 167.00	
3 6	TR TO CSF INV. RE SCITECH	600401		26 390.00	
3 6	TR TO CSF INV. RE KOREL	600201		79 167.00	
3 6	TR TO CSF INV. RE C.TEA	600301		79 167.00	6 283 579.38-
18 6	CSF A/C II CASH	600101		2 000 000.00	
18 6	CSF A/C III CASH	600101		200 000.00	8 483 579.38-
20 6	TR TO DEFEX	600101		11 183.00	
20 6	TR TO DEFEX	600201		11 183.00	
20 6	TR TO DEFEX	600401		3 728.00	
20 6	TR TO DEFEX	600301		11 183.00	8 520 856.38-
1 7	5000 DM CHQ	600201		2 305.32	
1 7	5000 DM CHQ	600301		2 305.31	8 525 467.01-
2 7	RBT CHQ BUCHINGER PAT.	600201	2 305.31		
2 7	RBT CHQ BUCHINGER PAT.	600301	2 305.32		8 520 856.38-
14 7	CASH WITHDRAWAL	600301		10 000.00	8 530 856.38-
27 8	TRANSFER FROM DEFEX	600101		258 398.00	
27 8	TRANSFER FROM DEFEX	600201		258 398.00	
27 8	TRANSFER FROM DEFEX	600301		258 398.00	
27 8	TRANSFER FROM DEFEX	600401		86 133.00	9 392 183.38-
3 10	REIMBURSEMENT CIE SERV. FID. CASH	600101		250 000.00	9 642 183.38-
11 11	CSF INVEST. RE C. TEA	600301		30 000.00	9 672 183.38-
	TRANSACT. & BALANCE		113 427.63	9 785 611.01	9 672 183.38-

EXHIBIT AH-6

EXHIBIT
AH-6

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4999    D E F E X                                                      86 12 10  ....
        LEDGER                    FROM 01 01 84  TO 06 12 86

A/C.  NAME & DESCRIPTION             DOC NO CONTRA            DEBIT        CREDIT       BALANCE
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H 963

4999 DEIEX
LEDGER

FROM 01 01 84 TO 04 12 86

86 12 10 PAGE 7

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
6	●●●●●● CHARGES	US$			
600101	●●●●●● ALBERT HAKIM	US$			
18	2 CASH WITHDRAWAL	5600001	5 000.00		5 000.00
16	4 TR TO LEE YUN	5600001	3 000.00		8 000.00
10	6 TR TO BK OF KOREA	5600001	5 000.00		13 000.00
85					
20	2 CASH WITHDRAWAL	5600001	20 000.00		33 000.00
20	3 CASH WITHDRAWAL	5600001	3 000.00		36 000.00
25	3 CASH WITHDRAWAL	5600001	3 000.00		39 000.00
2	4 CASH WITHDRAWAL	5600001	5 000.00		44 000.00
3	4 TR TO BARCLAYS BANK CALIF	5600001	10 000.00		54 000.00
9	4 TR TO BANK OF AMERICA	5600001	12 800.00		66 800.00
16	4 TR TO ALBERT HAKIM	5600001	50 000.00		116 800.00
18	4 TR TO R. GOODING	5600001	37 030.00		153 830.00
29	4 CASH WITHDRAWAL	5600001	7 000.00		160 830.00
6	5 CASH WITHDRAWAL	5600001	3 000.00		163 830.00
21	5 TR TO CIE DE SERV FID RE LO	5600001	250 000.00		413 830.00
24	5 PMT HOTEL INTERCON SFR 578	5600001	224.12		414 054.12
30	5 TR TO BK OF KOREA	5600001	50 000.00		464 054.12
7	6 TR TO A.HAKIM	5600001	30 000.00		494 054.12
17	6 FUNDS RETURNED UNPAID	5600001		50 000.00	444 054.12
18	6 TR TO BK OF KOREA	5600001	45 000.00		489 054.12
3	7 CASH WITHDRAWAL	5600001	420.17		489 474.29
5	7 TR TO AH THRU RNB	5600001	20 050.00		509 524.29
15	7 CASH WITHDRAWAL	5600001	20 300.00		529 824.29
16	7 CASH WITHDRAWAL	5600001	2 500.00		532 324.29
22	7 TR TO LOS GATOS	5600001	75 000.00		607 324.29
16	8 CASH WITHDRAWAL	5600001	2 963.46		610 267.75
28	8 CASH WITHDRAWAL	5600001	10 000.00		620 267.75
3	9 CASH WITHDRAWAL	5600001	7 000.00		627 267.75
23	9 CASH WITHDRAWAL	5600001	11 500.00		
23	9 CHQ KEUN SIK WON	5600001	9 500.00		648 267.75
24	9 CASH WITHDRAWAL	5600001	5 000 30		653 268.05

964

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4999 DEFEX
LEDGER

FROM 01 01 84 TO 04 12 86

88 12 10 1988

965

A/C.	NAME & DESCRIPTION	DOC.NO CONTRA	DEBIT	CREDIT	BALANCE
500101	ALBERT HAKIM	(SUITE)			
4 10	CASH SOONI HAKIM	5600001	1 500.00		654 768.05
15 10	CASH WITHDRAWAL	5600001	2 000.00		656 768.05
28 10	CASH WITHDRAWAL	5600001	102 000.00		758 768.05
7 11	CASH WITHDRAWAL SFR 2000.-	5600001	943.40		759 711.45
14 11	TR TO CIE DE SERV FID RE AH	5600001	43 030.00		802 741.45
15 11	TR TO CIE DE SERV FID RE AH	5600001	20 000.00		
15 11	CASH WITHDRAWAL	5600001	25 000.00		847 741.45
22 11	CASH WITHDRAWAL	5600001	21 470.00		869 211.45
3 12	PMT VITA ZURICH SFR 19844 80	5600001	9 529.32		
3 12	PMT VITA ZURICH SFR 8'332.-	5600001	4 000.96		882 741.73
16 12	CASH WITHDRAWAL SFR 5000.-	5600001	2 386.63		885 128.36
17 12	BAL OF ACCT PHASE I-II-III	5600001	82 031.09		
17 12	PROFIT DISTRIBUTION PHASE IV	5600001	100 800.00		1 067 959.45
86					
21 1	TR TO HOWARD RICE	5600001	20 000.00		1 087 959.45
7 2	TR TO A. HAKIM	5600001	165 000.00		1 252 959.45
19 2	CASH WITHDRAWAL	5600001	1 351.42		1 254 310.87
5 3	CSF INV. AH/SUB A/C	5600001	2 000 000.00		3 254 310.87
18 3	CIE SRV FID CASH AH	5600001	28 000.00		
18 3	CSF INV. CASH AH	5600001	50 000.00		3 332 310.87
17 4	AH SFR 136734.90	5600001	72 580.00		
17 4	CASH ALBERT HAKIM	5600001	3 000.00		
17 4	CSF INV. LTD	5600001	15 000.00		3 422 890.87
28 4	CASH PASSPORT USA	5600001	4 975.00		3 427 865.87
20 5	CIE SERV. FID AH	5600001	26 490.00		3 454 355.87
21 5	CSF INV. AH SUB A/C 1	5600001	10 000.00		
21 5	CASH WITHDRAWAL	5600001	60 300.00		3 524 655.87
23 5	CIE DE SERV FID RE AH	5600001	500 000.00		4 024 655.87
27 5	CASH	5600001	10 000.00		4 034 655.87
3 6	TR TO CSF INV. RE AH	5600001	79 167.00		4 113 822.87
18 6	CSF A/C II CASH	5600001	2 000 000.00		—
18 6	CSF A/C III CASH	5600001	200 000.00		6 313 822.87
20 6	TR TO DEFEX	5600001	11 183.00		6 325 005.87
27 8	TRANSFER FROM DEFEX	5600001	258 398.00		6 583 403.87
3 10	REIMBURSEMENT CIE SERV. FID. CASH	5600001	250 000.00		6 833 403.87

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4999     D I I L A                                                                       86 12 10  PAGE
         LEDGER                          FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                  DOC NO CONTRA                    DEBIT          CREDIT       BALANCE

600101   ALBERT HAKIM                              (SUITE)
                                                                  - ------------- --------------
       TRANSACT. & BALANCE                                          6 863 403.87      50 000.00   6 813 403.87
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996

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EXHIBIT AH-7

4799 D I I I X
LEDGER

FROM 01 01 85 TO 04 12 86

86 12 10 P944 1

967

A/C	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
600201	●●●●●● KOREL ASSETS	US$			
20 2	CASH WITHDRAWAL	5600001	22 000.00		22 000.00
85					
7 2	TR TO KOREL	5600001	165 000.00		187 000.00
25 3	TR TO KHALID RASHID	5600001	31 817.00		218 817.00
3 4	CASH WITHDRAWAL	5600001	7 000.00		225 817.00
13 4	CHQ TO T. GREEN	5600001	45 000.00		270 817.00
12 4	TR TO RVS	5600001	101 926.78		
12 4	TR TO RVS	5600001	118 336.00		491 079.78
6 5	CASH WITHDRAWAL	5600001	5 000.00		496 079.78
3 7	CASH WITHDRAWAL	5600001	210.08		496 289.86
16 7	CASH WITHDRAWAL	5600001	2 500.00		498 789.86
19 7	CASH WITHDRAWAL	5600001	7 000.00		505 789.86
17 9	CASH WITHDRAWAL	5600001	10 000.00		
17 9	CASH WITHDRAWAL. MASOUDI	5600001	2 000.00		517 789.86
23 10	CASH WITHDRAWAL	5600001	9 000.00		526 789.86
12 11	CASH WITHDRAWAL	5600001	7 000 00		533 789.86
17 12	PROFIT DISTRIBUTION PHASE IV	5600001	100 800.00		634 589.86
86					
13 2	CHQ TO A. GREEN	5600001	35 000.00		669 589.86
26 2	TRANSFER TO SHARP GREEN & LANK FO	5600001	1 670.50		671 260.36
18 4	CSF REIMBT KHALID RASHID	5600001	-	31 817.00	639 443.36
28 4	CSF CHQ RVS	5600001	28 111 00		667 554.36
20 5	CSF RVS	5600001	26 490.00		694 044.36
3 6	TR TO CSF INV. RE KOREL	5600001	79 167.00		773 211.36
20 6	TR TO DEFEX	5600001	11 183.00		784 394.36
1 7	5000 DM CHQ	5600001	2 305.32		786 699.68
2 7	RBT CHQ BUCHINGER PAT.	5600001		2 305.31	784 394.37
27 8	TRANSFER FROM DEFEX	5600001	258 398.00		1 042 792.37
	TRANSACT. & BALANCE		1 076 914.68	34 122.31	1 042 792.37

EXHIBIT
AH-7

EXHIBIT AH-8

EXHIBIT AH-8

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4779      D E F E X
          LEDGER                              FROM 01 01 84 TO 04 12 86

A/C   NAME & DESCRIPTION                       DOC NO CONTRA                 DEBIT          CREDIT        BALANCE

00301     ****** C  TEA           896                   US$

75   2 CASH DEPOSIT                           5600001                   15 000.00                      15 000.00
85
 3   4 TRANSFER FROM ENERGY       H           5600001                   20 000.00                      35 000.00
16   4 TRANSFER FROM ENERGY                   5600001                   20 000.00                      55 000.00
19   4 ADVANCE FOR EXPENSES                   5600001                   15 000.00                      70 000.00
 7   5 TR TO CS PARIS                         5600001                  116 000.00                     186 000.00
17   5 TR TO 1ST AMERICAN BANK                5600001                   90 000.00                     276 000.00
 3   7 TR TO 1ST AMERICAN BANK                5600001                   25 000.00                     301 000.00
16   7 WITHDRAWAL US$ NOTES                   5600001                  206 090.35                     507 090.35
17  12 PROFIT DISTRIBUTION PHASE IV           5600001                   50 400.00                     557 490.35
86
18   2 CASH ADVANCE                           5600001                   15 000.00                     572 490.35
14   4 TRANSFER                               5600001                   25 000.00                     597 490.35
22   4 REIMBT DEFEX                           5600001                                  25 000.00      572 490.35
 2   5 TRANSFER                               5600001                    2 274.80                     574 765.15
20   5 TRANSFER                               5600001                   26 490.00                     601 255.15
 3   6 TR TO CSF INV. RE C.TEA                5600001                   79 167.00                     680 422.15
20   6 TR TO DEFEX                            5600001                   11 183.00                     691 605.15
 1   7 5000 DM CHQ                            5600001                    2 305.31                     693 910.46
 2   7 RBT CHQ BUCHINGER PAT.                 5600001                                   2 305.32      691 605.14
14   7 CASH WITHDRAWAL                        5600001                   10 000.00                     701 605.14
27   8 TRANSFER FROM DEFEX                    5600001                  258 398.00                     960 003.14
11  11 CSF INVEST. RE C. TEA                  5600001                   30 000.00                     990 003.14

                                                                   --------------- ---------------
      TRANSACT. & BALANCE                                            1 017 308.46       27 305.32      990 003.14
```

Exhibit AH-9

EXHIBIT
AH-9

4999 D E F E X
LEDGER
FROM 01 01 86 TO 86 12 86
86 12 10 PAGE 1

969 H

A/C		NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
00401		###### SCITECH	US$			
24	4	CHQ K. PHILLIPS	5600001	5 000 00		5 000 00
14	11	TR TO SCITECH	5600001	67 340.00		72 340.00
85						
10	7	TR TO PHILLIPS	5600001	4 000.00		76 340.00
28	8	TRANSFER	5600001	48 560.00		124 900.00
20	9	CHQ K. PHILLIPS	5600001	2 000.00		
20	9	CHQ K. PHILLIPS	5600001	0.00		126 900.00
1	10	CHQ K. PHILLIPS	5600001	2 000.00		128 900.00
25	10	CHQ K. PHILLIPS	5600001	2 000.00		130 900.00
25	11	CHQ K PHILLIPS	5600001	2 000 00		132 900.00
17	12	REF CHQ K. PHILLIPS	5600001		2 000.00	130 900.00
86						
6	2	TR TO SCITECH	5600001	100 000.00		230 900.00
16	5	TR TO TAA	5600001	150 000.00		380 900.00
20	5	CIE SERV FID SCITECH	5600001	8 833.00		389 733.00
22	5	CSF INV. RE SCITECH	5600001	100 000 00		489 733.00
3	6	TR TO CSF INV. RE SCITECH	5600001	26 390.00		516 123.00
20	6	TR TO DEFEX	5600001	3 728.00		519 851.00
27	8	TRANSFER FROM DEFEX	5600001	86 133.00		605 984.00
		TRANSACT. & BALANCE		607 984.00	2 000.00	605 984.00

Exhibit AH-10

AH-10

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4999     D E F E X
         LEDGER                               FROM 01 01 86 TO 06 12 86                          86 12 10  PAGE     1

A/C    NAME & DESCRIPTION                         DOC.NO CONTRA                      DEBIT         CREDIT       BALANCE

500501     ###### BUTTON                                   US$
20 .5 CSF INV RE BUTTON                           5600001                      200 000.00                    200 000.00
                                                                           -------------- --------------
       TRANSACT. & BALANCE                                                     200 000.00           0.00     200 000.00
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970

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EXHIBIT AH-11

H 02756

```
4064     HAKIM ALBERT                                                  87 05 27  PAGE    1
                                             TRIAL BALANCE FROM    1 01 87 TO 31 05 87
A/C   DESCRIPTION                                   BALANCE                   BALANCE
                                                                     CURRENCY     US$

         CAPITAL                             US$
         ########################################

 00001   CAPITAL CONTRIBUTIONS/WITHDRAWALS   US$       8 831.06               8 831.06
 01001   CAPITAL INVESTED                    US$     258 000.03-            258 000.03-
                                                                        ---------------
         TOTAL GROUP                                                        249 168.97-

5        ASSETS & LIABILITIES                US$
         ########################################

551801   SECURITIES - MERRILL LYNCH          US$     255 071.00             255 071.00
5600001  CASH ACCOUNT                        US$         158.64-                158.64-
                                                                        ---------------
         TOTAL GROUP                                                        254 912.36

         P/L. NET BALANCE (1-5)                                               5 743.39

6        CHARGES                             US$
         ########################################
                                                                        ---------------
         TOTAL GROUP                                                              0.00
```

```
'64   HAKIM ALBERT                                       87 05 27  PAGE     2
                                  TRIAL BALANCE FROM   1 01 87 TO 31 05 87
C. DESCRIPTION                                BALANCE                BALANCE
                                                           CURRENCY    US$

      INCOME                      US$
      ####################################

'1101 INTEREST EARNED ON BONDS    US$       4 421.78-          4 421.78-
'2201 INTEREST EARNED ON DEPOSITS US$       1 321.61-          1 321.61-
                                                           --------------
      TOTAL GROUP                                              5 743.39-

      TRANSIT ACCOUNTS            US$
      ####################################
                                                           --------------
      TOTAL GROUP                                                   0.00

      GRAND TOTALS                              0.00                0.00

                                  SFR          66.1813
                                  MKF          22.5734
                                  HK$          12.8222
                                  $AU          69.9007
```

```
4064     HAKIM ALBERT
         SECURITIES T/B. BY DEPOT          FROM 01 01 87 TO 31 05 87                     87 05 27  PAGE
                                                                                                   POR
A/C.     NAME & DESCRIPTION                                      BALANCE        DEBIT        CREDIT      PRICE

1189A     6.8750 MERRILL LYNCH 8/7/87      87/87      US$        255071+     255 071.00                   1.00
         ##############################################
         TOTALS                                       US$                    255 071.00
```

H 02758

EXHIBIT AH-12A

```
4224    AH/SUB  A/C # 1                                    87 05 27  PAGE    1
                                      TRIAL BALANCE FROM   1 01 87 TO 31 05 87
A/C. DESCRIPTION                                BALANCE              BALANCE
                                                            CURRENCY    US$

                                                                   H 02760

1       CAPITAL                            US$
        ####################################

100001  CAPITAL CONTRIBUTIONS/WITHDRAWALS  US$     1 767.12          1 767.12
101001  CAPITAL INVESTED                   US$ 2 123 986.34-     2 123 986.34-
                                                                ---------------
        TOTAL GROUP                                              2 122 219.22-

5       ASSETS & LIABILITIES               US$
        ####################################

551801  SECURITIES - MERRILL LYNCH         US$ 2 168 108.00      2 168 108.00
5600001 CASH ACCOUNT                       US$     2 736.85          2 736.85
                                                                ---------------
        TOTAL GROUP                                              2 170 844.85

        P/L. NET BALANCE (1-5)                                      48 625.63

6       CHARGES                            US$
        ####################################

7       INCOME                             US$
        ####################################

771101  INTEREST EARNED ON BONDS           US$    37 391.90-        37 391.90-
772201  INTEREST EARNED ON FTD             US$    11 233.73-        11 233.73-

800     DEBTOR BY GUARANTEE                US$
                                                                ---------------
```

```
4224    AH/SUB. A/C # 1                                             87 05 27  PAGE    2
                                          TRIAL BALANCE FROM    1 01 87 TO 31 05 87
A/C. DESCRIPTION                                     BALANCE                 BALANCE
                                                                   CURRENCY     US$
                                                                               0.00  H 02761

801     GUARANTEE FURNISHED             US$
                                                                    ---------------
                                                                               0.00
                                                                    ---------------
        TOTAL GROUP                                                      48.625.63-

9       TRANSIT ACCOUNTS                US$
        ###################################
                                                                    ---------------
        TOTAL GROUP                                                            0.00

        GRAND TOTALS                                   0.00                    0.00

                                        MKF         22.5734
```

```
4224    AH/SUB. A/C # 1                                                                87 05 27  PAGE
        SECURITIES T/B. BY DEPOT      FROM 01 01 87 TO 31 05 87                                   POR

A/C.    NAME & DESCRIPTION                                   BALANCE          DEBIT        CREDIT      PRICE

1189A    6.8750 MERRILL LYNCH 8/7/87    87/87      US$      2168108+   2 168 108.00                     1.00
        ##########################################
        TOTALS                                     US$                 2 168 108.00
```

H 02762

EXHIBIT AH-12B

```
  30   AH/SUB. A/C # 2                                             87 05 27  PAGE    1
  /C   DESCRIPTION                          TRIAL BALANCE FROM     1 01 87 TO 31 05 87
                                                      BALANCE                 BALANCE
                                                                      CURRENCY    US$
                                                                                          H 02763

       CAPITAL                              US$
       ##################################

 01001 CAPITAL INVESTED                     US$   2 046 830.23-       2 046 830.23-
                                                                    ---------------
       TOTAL GROUP                                                    2 046 830.23-

       ASSETS & LIABILITIES                 US$
       ##################################

 51801 SECURITIES - MERRILL LYNCH           US$   2 071 181.00        2 071 181.00
600001 CASH ACCOUNT                         US$      22 114.21           22 114.21
                                                                    ---------------
       TOTAL GROUP                                                    2 093 295.21

       P/L. NET BALANCE (1-5)                                            46 464.98

       CHARGES                              US$
       ##################################
                                                                    ---------------
       TOTAL GROUP                                                            0.00
```

[redacted]

```
4230    AH/SUB. A/C # 2                                          87 05 27  PAGE    2
                                              TRIAL BALANCE FROM  1 01 87 TO 31 05 87
A/C. DESCRIPTION                                    BALANCE                BALANCE
                                                                 CURRENCY     US$

7       INCOME                           US$
        #######################################

771101  INTEREST EARNED ON BONDS         US$      35 733.46-           35 733.46-
772201  INTEREST EARNED ON FTD           US$      10 731.52-           10 731.52-

80      CONTINGENT LIABILITIES           US$

800     DEBTOR BY GUARANTEE              US$
                                                                  ---------------
                                                                             0.00

801     GUARANTEE FURNISHED              US$
                                                                  ---------------
                                                                             0.00
                                                                  ---------------
        TOTAL CONTINGENT LIABILITIES                                         0.00
                                                                  ---------------
        TOTAL GROUP                                                     46 464.98-

        P/L. NET BALANCE (6-8)                                          46 464.98-
```

H 02764

```
230   AH/SUB  A/C # 2                                      87 05 27  PAGE    3
                                        TRIAL BALANCE FROM   1 01 87 TO 31 05 87
/C  DESCRIPTION                                    BALANCE              BALANCE
                                                               CURRENCY     US$

    TRANSIT ACCOUNTS                    US$
    #####################################
                                                             ---------------
    TOTAL GROUP                                                         0.00

    GRAND TOTALS                                    0.00                0.00

                                        MKF      22.5734
```

H 02765

```
 30     AH/SUB. A/C # 2                                                                  87 05 27  PAGE
        SECURITIES T/B. BY DEPOT      FROM 01 01 87 TO 31 05 87                                    POR

 /C.    NAME & DESCRIPTION                                         BALANCE        DEBIT        CREDIT     PRICE

 189A    6.8750 MERRILL LYNCH 8/7/87    87/87     US$           2071181+   2 071 181.00                   1.00

        ########################################
        TOTALS                                    US$                      2 071 181.00
```

H 02766

EXHIBIT AH-12C

[illegible]HIBIT
12c

```
4231    AH/SUB. A/C # 3                                                   87 05 27  PAGE    1
                                                   TRIAL BALANCE FROM   1 01 87 TO 31 05 87
A/C. DESCRIPTION                                            BALANCE                BALANCE
                                                                        CURRENCY     US$

                                                                                         H 02767

1       CAPITAL                                 US$
        ####################################

101001  CAPITAL INVESTED                        US$      156 659.26-           156 659.26-
                                                                           ---------------
        TOTAL GROUP                                                            156 659.26-

5       ASSETS & LIABILITIES                    US$
        ####################################

551801  SECURITIES - MERRILL LYNCH              US$      158 144.00            158 144.00
5600001 CASH ACCOUNT                            US$        2 066.89              2 066.89
                                                                           ---------------
        TOTAL GROUP                                                            160 210.89

        P/L. NET BALANCE (1-5)                                                   3 551.63

6       CHARGES                                 US$
        ####################################
                                                                           ---------------
        TOTAL GROUP                                                                  0.00
```

```
4231    AH/SUB. A/C # 3                                          87 05 27  PAGE    2
                                              TRIAL BALANCE FROM   1 01 87 TO 31 05 87
A/C. DESCRIPTION                                        BALANCE               BALANCE
                                                                     CURRENCY     US$

7       INCOME                                US$
        ####################################

771101  INTEREST EARNED ON BONDS              US$        2 732.23-              2 732.23-
772201  INTEREST EARNED ON FTD                US$          819.40-                819.40-
                                                                          ---------------
        TOTAL GROUP                                                             3 551.63-

9       TRANSIT ACCOUNTS                      US$
        ####################################
                                                                          ---------------
        TOTAL GROUP                                                                 0.00

        GRAND TOTALS                                          0.00                  0.00

                                              MKF       22.5734
```

H 02768

```
4231     AH/SUB. A/C # 3                                                                     87 05 27  PAGE
       SECURITIES T/B. BY DEPOT      FROM 01 01 87 TO 31 05 87                                          POR

A/C.   NAME & DESCRIPTION                                        BALANCE      DEBIT       CREDIT      PRI

]189A   6.8750 MERRILL LYNCH 8/7/87    87/87      US$            158144+   158 144.00                 1.

       ########################################
       TOTALS                                     US$                      158 144.00
```

Exhibit AH-13

EXHIBIT
AH-13

H 02773

```
 01   KOREL ASSETS                                              87 05 27  PAGE    1
 /  DESCRIPTION                         TRIAL BALANCE FROM   1 01 87 TO 31 05 87
                                                  BALANCE                BALANCE
                                                                    CURRENCY  US$

      CAPITAL                               US$
      ####################################

11001 CAPITAL INVESTED                      US$  1 542 925.83-     1 542 925.83-
                                                                   --------------
      TOTAL GROUP                                                  1 542 925.83-

      ASSETS & LIABILITIES                  US$
      ####################################

 1801 SECURITIES - MERRILL LYNCH            US$  1 571 241.00      1 571 241.00
00001 CASH ACCOUNT                          US$      6 935.92          6 935.92
                                                                   --------------
      TOTAL GROUP                                                  1 578 176.92

      P/L. NET BALANCE (1-5)                                          35 251.09

      CHARGES                               US$
      ####################################

                                                                   --------------
      TOTAL GROUP                                                          0.00
```

```
201    KOREL ASSETS                                          87 05 27  PAGE    2
                                            TRIAL BALANCE FROM    1 01 87 TO 31 05 87
/C  DESCRIPTION                                      BALANCE               BALANCE
                                                                 CURRENCY     US$

       INCOME                                 US$
       ####################################
                                                                              H 02774
/1101  INTEREST EARNED ON BONDS               US$      27 109.94-           27 109.94-
/2201  INTEREST EARNED ON FTD                 US$       8 141.15-            8 141.15-
                                                                       ---------------
       TOTAL GROUP                                                          35 251.09-

       TRANSIT ACCOUNT                        US$
       ####################################
                                                                       ---------------
       TOTAL GROUP                                                               0.00

       GRAND TOTALS                                         0.00                 0.00

                                              SFR         66.1813
                                              DM.         55.3276
                                              YEN           .6829
                                              MKF         22.5734
                                              HK$         12.8222
                                              $AU         69.9007
```

```
4201     KOREL ASSETS                                                                   87 05 27  PAGE
         SECURITIES_T/B. BY DEPOT      FROM 01 01 87 TO 31 05 87                                   POR

A/C      NAME & DESCRIPTION                                  BALANCE        DEBIT        CREDIT      PRICE

1189A     6.8750 MERRILL LYNCH 8/7/87    87/87     US$      1571241+  1 571 241.00                  1.00
         ##########################################
         TOTALS                                    US$                1 571 241.00

                                                                           H 02775
```

EXHIBIT AH-14

EXHIBIT
AH-14

```
02     SCITECH TRADING GROUP INC.                                       87 05 27  PAGE    1
/C  DESCRIPTION                                 TRIAL BALANCE FROM  1 01 87 TO 31 05 87
                                                           BALANCE                  BALANCE
                                                                         CURRENCY    US$

                                                                                     H 02770

       CAPITAL                                  US$
       ####################################

U1001  CAPITAL INVESTED                         US$     189 370.13-          189 370.13-
                                                                         ---------------
       TOTAL GROUP                                                           189 370.13-

       ASSETS & LIABILITIES                     US$
       ####################################

1801   SECURITIES - MERRILL LYNCH               US$     193 854.00           193 854.00
00001  CASH ACCOUNT                             US$         136.64-              136.64-
                                                                         ---------------
       TOTAL GROUP                                                           193 717.36

       P/L. NET BALANCE (1-5)                                                  4 347.23

       CHARGES                                  US$
       ####################################
                                                                         ---------------
       TOTAL GROUP                                                                 0.00
```

```
4202    SCITECH TRADING GROUP INC.                                87 05 27  PAGE     2
                                            TRIAL BALANCE FROM    1 01 87 TO 31 05 87
A/C. DESCRIPTION                                       BALANCE                BALANCE
                                                                     CURRENCY     US$

7        INCOME                             US$
         ####################################

771101   INTEREST EARNED ON BONDS           US$          3 342.81-            3 342.81-
772201   INTEREST EARNED ON FTD             US$          1 004.42-            1 004.42-
                                                                       ---------------
         TOTAL GROUP                                                          4 347.23-


         GRAND TOTALS                                         0.00                 0.00


                                            HK$            12.8222
```

```
4202      SCITECH TRADING GROUP INC.
        SECURITIES T/B. BY DEPOT         FROM 01 01 87 TO 31 05 87                87 05 27  PAGE
                                                                                            POR
A/C.    NAME & DESCRIPTION                                       BALANCE      DEBIT        CREDIT      PRICI

1189A    6.8750 MERRILL LYNCH 8/7/87      87/87        US$       193854+   193 854.00                 1.00

        ########################################
        TOTALS                                         US$                 193 854.00
```

H 02772

EXHIBIT AH-15

```
      B. BUTTON                                          87 05 27  PAGE    1
                                   TRIAL BALANCE FROM  1 01 87 TO 31 05 87
   DESCRIPTION                          BALANCE                   BALANCE
                                                          CURRENCY     US$

       CAPITAL                           US$
       ##################################

01001  CAPITAL INVESTED                  US$     211 337.34-        211 337.34-
                                                                ---------------
       TOTAL GROUP                                                  211 337.34-

       ASSETS & LIABILITIES              US$
       ##################################

51801  SECURITIES - MERRILL LYNCH        US$     214 262.98         214 262.98
600001 CASH ACCOUNT                      US$       1 881.79           1 881.79
                                                                ---------------
       TOTAL GROUP                                                  216 144.77

       P/L. NET BALANCE (1-5)                                         4 807.43

       CHARGES                           US$
       ##################################
                                                                ---------------
       TOTAL GROUP                                                        0.00
```

H 02776

EXHIBIT
AH-15

```
/// B. BUTTON                                           87 05 27  PAGE    2
                                    TRIAL BALANCE FROM  1 01 87 TO 31 05 87
/C  DESCRIPTION                            BALANCE                BALANCE
                                                           CURRENCY   US$

    INCOME                          US$
    ###################################

71101  INTEREST EARNED ON BONDS     US$     3 697.28-          3 697.28-
72201  INTEREST EARNED ON FTD       US$     1 110.15-          1 110.15-
                                                           ---------------
    TOTAL GROUP                                                4 807.43-

    GRAND TOTALS                                0.00                0.00

                                    MKF        22.5734
                                    HK$        12.8222
                                    $AU        69.9007
```

H 02777

```
4227    B. BUTTON                                                                              87 05 27  PAGE
     SECURITIES T/B. BY DEPOT      FROM 01 01 87 TO 31 05 87                                             POR

A/C.  NAME & DESCRIPTION                                        BALANCE       DEBIT        CREDIT     PRICE

1189A  6.8750 MERRILL LYNCH 8/7/87    87/87      US$          214262+    214 262.98                    1.00

     ##########################################
     TOTALS                                      US$                      214 262.98

                                                                                       H 02778
```

EXHIBIT AH-16

Funds on Deposit with

CSF Investments

May 27, 1987

Albert Hakim	
Regular	254,912.36
Sub A/C #1	2,170,844.85
Sub A/C #2	2,093,295.21
Sub A/C #3	160,210.89
Korel Assets	1,578,176.92
SciTech	193,717.36
Button	216,144.77
TOTAL ASSETS	6,667,302.36

AH-16

EXHIBIT AH-17

Exhibit J
6-1-87
RAT

FILE SVS 11

H 02723 AHIM

INVESTMENT MANAGEMENT AGREEMENT

~~4203~~

4064

Between ~~RVB/AH~~ AH/SVB A/c #1 4224

hereinafter referred to as "the client"

and

CSF INVESTMENTS, LTD., a company organized and existing under the laws of Bermuda and having its principal place of business at Hayward Building, Bermundiana Road, Hamilton 5-31, Bermuda, hereinafter referred to as "CSF".

WHEREAS the client has certain assets described in Appendix A hereto and desires to retain the services of CSF to manage and direct the investment of said assets, and

WHEREAS CSF is engaged in the business of asset management for clients and desires to manage and direct the investment of the client's assets,

IT IS THEREFORE AGREED as follows :

1. MANAGEMENT POWER

The client grants to CSF full discretionary authority to manage the account and, in particular, to perform the following transactions:

> To make such investments that are customarily made through banks and stock, bond and commodity brokers, including without limitation, stocks, bonds, debentures, notes, commercial paper, certificates of deposit, warrants and options whether listed on any exchange or not, whether held for investment or trading purposes, and wherever located. The foregoing power to invest shall include the power to buy, to sell, to liquidate any investments in whole or in part, in any currency.

All acts done hereunder by CSF or its nominees shall be fully binding on the client as if done by the client. This authorization shall be governed by the laws of Bermuda and shall not expire with the death, legally presumed death, loss of legal capacity or bankruptcy of the client. It shall remain valid until CSF receives revocation in writing by the client or the then owner of the account.

2. CHARGES

As compensation for services to be performed under this Agreement, the client authorizes CSF to charge its account at the end of each three month period ending March 31, June 30, September 30, and December 31, respectively, or upon the closing of the account or upon the withdrawal of a substantial part of the value of the account, a quarterly fee which shall be calculated as follows :

1% per annum on the first million dollars
1/2% per annum on the second million dollars
1/3% per annum on the excess over 2 million dollars

of the net value of the account.

3. FINANCIAL STATEMENTS

CSF will furnish the client with quarterly financial statements of the account. These statements will show a list of all cash and securities in the account with their respective market values and their aggregate net asset value or equity.

4. WITHDRAWALS AND TERMINATION

The client shall have the right to withdraw from the management of CSF any part or all of the account at any time. Any withdrawal of securities from the management of CSF shall be deemed a sale of those securities at their closing price on the day of withdrawal.

Both CSF and the client shall have the right to terminate this Agreement at any time. In the event of such withdrawals or termination, CSF shall have up to fifteen days from the date it receives notice to make payment or distribution.

5. MISCELLANEOUS CONDITIONS

a) Signatures communicated to CSF are valid until a notice of revocation is given in writing and received by CSF.

b) Any claim or complaint of the client in connection with any correspondence or statement issued by CSF must be made immediately but at the latest within one month of receipt of such correspondence or statement. In the absence of any claim or complaint within one month, the statements of the account are deemed to have been approved. If the client does not receive correspondence or statements as a result of requesting that his mail be held, the claim must be made as soon as he normally should have received such correspondence or statements sent by mail. The express or tacit approval of the statement of account entails the approval of all items contained therein.

c) Any communications from CSF are deemed to have been made as soon as they have been sent to the last address given by the client. The date mentioned on the copy or on the mailing list in possession of CSF will be presumed to be the date of forwarding. Any mail kept in safe-keeping with CSF will be deemed, in the event of doubt, as having been delivered on the date mentioned thereon.

d) Damages resulting from insufficient legitimation or from undiscovered forgeries are chargeable to the client, except in the event of gross negligence on the part of CSF.

e) Damages resulting from the use of the mail, telegraph, telephone, telex, firm or carriers or other means of forwarding, particularly as a result of delays, losses, misunderstandings, mutilations or duplication of forwarding are chargeable to the client, except in the event of gross negligence on the part of CSF. If any such damages shall result, CSF shall cooperate fully with the client to recover from any responsible third party the amount of such damages.

f) In the event of damages resulting from the non-execution or defective execution of an order, CSF is liable only for the loss of interest.

g) CSF shall conduct business during normal business hours on all days of the year except Saturdays, Sundays, and all legal holiday observed by banks in Bermuda.

h) CSF is a wholly owned subsidiary of Compagnie de Services Fiduciaires S.A., 3ter chemin Thury, Geneva, Switzerland, with whom the client may maintain an account or accounts. The client may by separate document authorize CSF to accept instructions from duly designated employees of Compagnie de Services Fiduciaires concerning his account.

i) CSF shall not be liable for any act, omission, error of judgment or loss suffered by the client in connection with the Account except as may result from its own gross negligence, fraud, wilful misconduct or reckless disregard of its obligations and duties hereunder. The client hereby indemnifies CSF from and against all actions, proceedings, claims, costs, demands and expenses (i) resulting in any way from the performance or non-performance of its duties hereunder except such as may result from such gross negligence, fraud, wilful misconduct or reckless disregard as aforesaid or (ii) which may arise or be brought against CSF by virtue of CSF having acted in accordance with any instruction purportedly received from the client.

6. JOINT ACCOUNT BENEFICIARIES

In the case of a joint account, each account holder has jointly and severally the right to dispose of the account and of all assets held therein without restriction. Upon the death of any joint account holder, the surviving holder or holders continue to dispose freely of the account. The personal representatives of the deceased account holder have no right to dispose of or to obtain information about the account. CSF shall be accountable solely to the surviving account holder or holders.

Upon the death of a client who has designated a beneficiary in his account authorization form, or by subsequent letter acknowledged to have been received by CSF, and upon receipt by CSF of proof of death in a form satisfactory to it, CSF will use its best efforts to transfer the account of the beneficiary and to follow the instructions of the beneficiary in regard to the disposition of the account. Any such account held by CSF remains subject to all terms of this Agreement.

7. APPLICABLE LAW AND JURISDICTION

All relations between CSF and its clients are governed by the laws of Bermuda. The place of execution and the place of jurisdiction for any proceedings are at the statutory office of the company in Hamilton, Bermuda.

8. **ACCOUNT INFORMATION** H 02727

a. Account Name : AH Sub 1

b. Statement and correspondence should be held until further notice ~~or mailed to~~ /

c. Language of all correspondence : ENGLISH
(English, French, German, Spanish)

d. Special instructions :

9. **ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between CSF and the client, and shall not be modified or amended by any oral statement or written document except in writing executed by an authorized representative of CSF.

Date:

Signature of the Client:

Signature of CSF Investments, Ltd

May 15th, 1986
Date

APPENDIX A.

DEPOSIT ON MARCH 5TH, 1986   US DLRS 2'000'000.- (TWO MILLIONS)

EXHIBIT AH-18

TO THE HOLDERS OF ACCOUNT A.H. SUB-ACCOUNT 1

We are pleased to confirm that during the lifetime of Albert HAKIM, we shall accept instructions with respect to this account and any assets therein from Albert HAKIM alone, both with respect to the investment of assets and the payment of funds from the account, whether to him or to any third party or parties he shall designate. Should Albert HAKIM die or become disabled so that he is unable to communicate with us (become "disabled"), or otherwise be unable to communicate with us, a decision we shall make in our best judgment, we shall then accept instructions with respect to this account from Richard V. SECORD alone, both with respect to the investment of assets and the payment of funds from the account, whether to him or to any third party or parties he shall designate.

Should Richard V. SECORD after having qualified to give us instructions concerning this account, die, or become disabled, or otherwise be unable to communicate with us, a decision we shall make in our best judgment, we shall then accept instructions with respect to this account from Oliver NORTH alone, both with respect to the investment of assets and the payment of funds from the account, whether to him or to any third party or parties he shall designate.

In each instance we are authorized to accept instructions from the person being entitled to act with respect to this account, regardless of the content of said instructions, including to pay the totality of the

AH

EXHIBIT
AH-18

assets in this account to that person or his designee, in cash or otherwise, and we shall not be responsible in any way for the use and application of these funds.

Should none of the three individuals named above be alive, then upon receipt of proof of death in form satisfactory to us, we shall divide the then remaining balance in this account in 3 equal parts of equal value, and hold one such part for the designees of that individual if he shall have left a written designation with us, or if he shall not, we shall pay that part to the properly designated representative of his estate.

We further confirm that although these instructions are not irrevocable, we shall accept a change in these instructions only with the written approval of any two of the three individuals named above, unless only one of the three shall be living, then on the written direction of the survivor. Nevertheless, we direct your attention to the fact that the person having the right to operate this account may withdraw any part or all of the assets in this account at any time without the consent of any third party.

CSF INVESTMENTS, LTD.

By :

Albert Hakim

Exhibit AH-19

- 1 -

AH #10

INVESTMENT MANAGEMENT AGREEMENT

AH/SUB. A/C # 2

Between

hereinafter referred to as "the client"

and

CSF INVESTMENTS, LTD., a company organized and existing under the laws of Bermuda and having its principal place of business at Hayward Building, Bermudiana Road, Hamilton 5-31, Bermuda, hereinafter referred to as "CSF".

WHEREAS the client has certain assets described in Appendix A hereto and desires to retain the services of CSF to manage and direct the investment of said assets, and

WHEREAS CSF is engaged in the business of asset management for clients and desires to manage and direct the investment of the client's assets,

IT IS THEREFORE AGREED as follows :

1. MANAGEMENT POWER

The client grants to CSF full discretionary authority to manage the account and, in particular, to perform the following transactions:

> To make such investments that are customarily made through banks and stock, bond and commodity brokers, including without limitation, stocks, bonds, debentures, notes, commercial paper, certificates of deposit, warrants and options whether listed on any exchange or not, whether held for investment or trading purposes, and wherever located. The foregoing power to invest shall include the power to buy, to sell, to liquidate any investments in whole or in part, in any currency.

EXHIBIT
AH-19

All acts done hereunder by CSF or its nominees shall be fully binding on the client as if done by the client. This authorization shall be governed by the laws of Bermuda and shall not expire with the death, legally presumed death, loss of legal capacity or bankruptcy of the client. It shall remain valid until CSF receives revocation in writing by the client or the then owner of the account.

2. CHARGES

As compensation for services to be performed under this Agreement, the client authorizes CSF to charge its account at the end of each three month period ending March 31, June 30, September 30, and December 31, respectively, or upon the closing of the account or upon the withdrawal of a substantial part of the value of the account, a quarterly fee which shall be 1/4 percent of the net value of the account.

3. FINANCIAL STATEMENTS

CSF will furnish the client with quarterly financial statements of the account. These statements will show a list of all cash and securities in the account with their respective market values and their aggregate net asset value or equity.

4. WITHDRAWALS AND TERMINATION

The client shall have the right to withdraw from the management of CSF any part or all of the account at any time. Any withdrawal of securities from the management of CSF shall be deemed a sale of those securities at their closing price on the day of withdrawal.

Both CSF and the client shall have the right to terminate this Agreement at any time. In the event of such withdrawals or termination, CSF shall have up to fifteen days from the date it receives notice to make payment or distribution.

5. MISCELLANEOUS CONDITIONS

a) Signatures communicated to CSF are valid until a notice of revocation is given in writing and received by CSF.

b) Any claim or complaint of the client in connection with any correspondence or statement issued by CSF must be made immediately but at the latest within one month of receipt of such correspondence or statement. In the absence of any claim or complaint within one month, the statements of the account are deemed to have been approved. If the client does not receive correspondence or statements as a result of requesting that his mail be held, the claim must be made as soon as he normally should have received such correspondence or statements sent by mail. The express or tacit approval of the statement of account entails the approval of all items contained therein.

c) Any communications from CSF are deemed to have been made as soon as they have been sent to the last address given by the client. The date mentioned on the copy or on the mailing list in possession of CSF will be presumed to be the date of forwarding. Any mail kept in safe-keeping with CSF will be deemed, in the event of doubt, as having been delivered on the date mentioned thereon.

d) Damages resulting from insufficient legitimation or from undiscovered forgeries are chargeable to the client, except in the event of gross negligence on the part of CSF.

e) Damages resulting from the use of the mail, telegraph, telephone, telex, firm or carriers or other means of forwarding, particularly as a result of delays, losses, misunderstandings, mutilations or duplication of forwarding are chargeable to the client, except in the event of gross negligence on the part of CSF. If any such damages shall result, CSF shall cooperate fully with the client to recover from any responsible third party the amount of such damages.

f) In the event of damages resulting from the non-execution or defective execution of an order, CSF is liable only for the loss of interest.

g) CSF shall conduct business during normal business hours on all days of the year except Saturdays, Sundays, and all legal holiday observed by banks in Bermuda.

h) CSF is a wholly owned subsidiary of Compagnie de Services Fiduciaires S.A., 3ter chemin Thury, Geneva, Switzerland, with whom the client may maintain an account or accounts. The client may by separate document authorize CSF to accept instructions from duly designated employees of Compagnie de Services Fiduciaires concerning his account.

i) CSF shall not be liable for any act, omission, error of judgment or loss suffered by the client in connection with the Account except as may result from its own gross negligence, fraud, wilful misconduct or reckless disregard of its obligations and duties hereunder. The client hereby

indemnifies CSF from and against all actions, proceedings, claims, costs, demands and expenses (i) resulting in any way from the performance or non-performance of its duties hereunder except such as may result from such gross negligence, fraud, wilful misconduct or reckless disregard as aforesaid or (ii) which may arise or be brought against CSF by virtue of CSF having acted in accordance with any instruction purportedly received from the client.

6. JOINT ACCOUNT BENEFICIARIES

In the case of a joint account, each account holder has jointly and severally the right to dispose of the account and of all assets held therein without restriction. Upon the death of any joint account holder, the surviving holder or holders continue to dispose freely of the account. The personal representatives of the deceased account holder have no right to dispose of or to obtain information about the account. CSF shall be accountable solely to the surviving account holder or holders.

Upon the death of a client who has designated a beneficiary in his account authorization form, or if not, who has designated a beneficiary by subsequent letter acknowledged to have been received by CSF, or has by subsequent letter acknowledged to have been received by CSF, has changed the designation of beneficiary, and upon receipt by CSF of proof of death in a form satisfactory to it, CSF, unless otherwise required by applicable law, will follow the instructions of the beneficiary in regard to the disposition of the account. Any such account held by CSF remains subject to all terms of this Agreement.

7. APPLICABLE LAW AND JURISDICTION

All relations between CSF and its clients are governed by the laws of Bermuda. The place of execution and the place of jurisdiction for any proceedings are at the statutory office of the company in Hamilton, Bermuda.

8. ACCOUNT INFORMATION

a. Account Name : AH/SUB. A/C 2

b. Statement and correspondence should be held until further notice [illegible] :

c. Language of all correspondence : ENGLISH
(English, French, German, Spanish)

d. Special instructions :

9. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between CSF and the client, and shall not be modified or amended by any oral statement or written document except in writing executed by an authorized representative of CSF.

Date:

Signature of the Client:

Signature of CSF Investments, Ltd

16 JUIN 1986
Date

APPENDIX A.

DEPOSIT ON JUNE 18th, 1986 US DLRS 2'000'000.-- (TWO MILLIONS)

EXHIBIT AH-20

EXHIBIT
AH-20

TO THE HOLDERS OF ACCOUNT A.H. SUB-ACCOUNT 2

We are pleased to confirm that during the lifetime of Albert HAKIM, we shall accept instructions with respect to this account and any assets therein from Albert HAKIM alone, both with respect to the investment of assets and the payment of funds from the account, whether to him or to any third party or parties he shall designate. Should Albert HAKIM die or become disabled so that he is unable to communicate with us (become "disabled"), or otherwise be unable to communicate with us, a decision we shall make in our best judgment, we shall then accept instructions with respect to this account from Richard V. SECORD alone, both with respect to the investment of assets and the payment of funds from the account, whether to him or to any third party or parties he shall designate.

In each instance we are authorized to accept instructions from the person being entitled to act with respect to this account, regardless of the content of said instructions, including to pay the totality of the assets in this account to that person or his designee, in cash or otherwise, and we shall not be responsible in any way for the use and application of these funds.

aH

Should none of the two individuals named above be alive, then upon receipt of proof of death in form satisfactory to us, we shall divide the then remaining balance in this account in 2 equal parts of equal value, and hold one such part for the designees of that individual if he shall have left a written designation with us, or if he shall not, we shall pay that part to the properly designated representative of his estate.

We further confirm that although these instructions are not irrevocable, we shall accept a change in these instructions only with the written approval of both individuals named above, unless only one of the two shall be living, then on the written direction of the survivor. Nevertheless, we direct your attention to the fact that the person having the right to operate this account may withdraw any part or all of the assets in this account at any time without the consent of any third party.

CSF INVESTMENTS, LTD.

By :

Albert Hakim

EXHIBIT AH-21

INVESTMENT MANAGEMENT AGREEMENT

AH

AH/SUB. A/C # 3

Between

hereinafter referred to as "the client"

and

CSF INVESTMENTS, LTD., a company organized and existing under the laws of Bermuda and having its principal place of business at Hayward Building, Bermudiana Road, Hamilton 5-31, Bermuda, hereinafter referred to as "CSF".

WHEREAS the client has certain assets described in Appendix A hereto and desires to retain the services of CSF to manage and direct the investment of said assets, and

WHEREAS CSF is engaged in the business of asset management for clients and desires to manage and direct the investment of the client's assets,

IT IS THEREFORE AGREED as follows :

1. MANAGEMENT POWER

The client grants to CSF full discretionary authority to manage the account and, in particular, to perform the following transactions:

> To make such investments that are customarily made through banks and stock, bond and commodity brokers, including without limitation, stocks, bonds, debentures, notes, commercial paper, certificates of deposit, warrants and options whether listed on any exchange or not, whether held for investment or trading purposes, and wherever located. The foregoing power to invest shall include the power to buy, to sell, to liquidate any investments in whole or in part, in any currency.

EXHIBIT
AH-21

All acts done hereunder by CSF or its nominees shall be fully binding on the client as if done by the client. This authorization shall be governed by the laws of Bermuda and shall not expire with the death, legally presumed death, loss of legal capacity or bankruptcy of the client. It shall remain valid until CSF receives revocation in writing by the client or the then owner of the account.

2. CHARGES

As compensation for services to be performed under this Agreement, the client authorizes CSF to charge its account at the end of each three month period ending March 31, June 30, September 30, and December 31, respectively, or upon the closing of the account or upon the withdrawal of a substantial part of the value of the account, a quarterly fee which shall be 1/4 percent of the net value of the account.

3. FINANCIAL STATEMENTS

CSF will furnish the client with quarterly financial statements of the account. These statements will show a list of all cash and securities in the account with their respective market values and their aggregate net asset value or equity.

4. WITHDRAWALS AND TERMINATION

The client shall have the right to withdraw from the management of CSF any part or all of the account at any time. Any withdrawal of securities from the management of CSF shall be deemed a sale of those securities at their closing price on the day of withdrawal.

Both CSF and the client shall have the right to terminate this Agreement at any time. In the event of such withdrawals or termination, CSF shall have up to fifteen days from the date it receives notice to make payment or distribution.

5. MISCELLANEOUS CONDITIONS

a) Signatures communicated to CSF are valid until a notice of revocation is given in writing and received by CSF.

b) Any claim or complaint of the client in connection with any correspondence or statement issued by CSF must be made immediately but at the latest within one month of receipt of such correspondence or statement. In the absence of any claim or complaint within one month, the statements of the account are deemed to have been approved. If the client does not receive correspondence or statements as a result of requesting that his mail be held, the claim must be made as soon as he normally should have received such correspondence or statements sent by mail. The express or tacit approval of the statement of account entails the approval of all items contained therein.

c) Any communications from CSF are deemed to have been made as soon as they have been sent to the last address given by the client. The date mentioned on the copy or on the mailing list in possession of CSF will be presumed to be the date of forwarding. Any mail kept in safe-keeping with CSF will be deemed, in the event of doubt, as having been delivered on the date mentioned thereon.

d) Damages resulting from insufficient legitimation or from undiscovered forgeries are chargeable to the client, except in the event of gross negligence on the part of CSF.

e) Damages resulting from the use of the mail, telegraph, telephone, telex, firm or carriers or other means of forwarding, particularly as a result of delays, losses, misunderstandings, mutilations or duplication of forwarding are chargeable to the client, except in the event of gross negligence on the part of CSF. If any such damages shall result, CSF shall cooperate fully with the client to recover from any responsible third party the amount of such damages.

f) In the event of damages resulting from the non-execution or defective execution of an order, CSF is liable only for the loss of interest.

g) CSF shall conduct business during normal business hours on all days of the year except Saturdays, Sundays, and all legal holiday observed by banks in Bermuda.

h) CSF is a wholly owned subsidiary of Compagnie de Services Fiduciaires S.A., 3ter chemin Thury, Geneva, Switzerland, with whom the client may maintain an account or accounts. The client may by separate document authorize CSF to accept instructions from duly designated employees of Compagnie de Services Fiduciaires concerning his account.

i) CSF shall not be liable for any act, omission, error of judgment or loss suffered by the client in connection with the Account except as may result from its own gross negligence, fraud, wilful misconduct or reckless disregard of its obligations and duties hereunder. The client hereby

indemnifies CSF from and against all actions, proceedings, claims, costs, demands and expenses (i) resulting in any way from the performance or non-performance of its duties hereunder except such as may result from such gross negligence, fraud, wilful misconduct or reckless disregard as aforesaid or (ii) which may arise or be brought against CSF by virtue of CSF having acted in accordance with any instruction purportedly received from the client.

6. JOINT ACCOUNT BENEFICIARIES

In the case of a joint account, each account holder has jointly and severally the right to dispose of the account and of all assets held therein without restriction. Upon the death of any joint account holder, the surviving holder or holders continue to dispose freely of the account. The personal representatives of the deceased account holder have no right to dispose of or to obtain information about the account. CSF shall be accountable solely to the surviving account holder or holders.

Upon the death of a client who has designated a beneficiary in his account authorization form, or if not, who has designated a beneficiary by subsequent letter acknowledged to have been received by CSF, or has by subsequent letter acknowledged to have been received by CSF, has changed the designation of beneficiary, and upon receipt by CSF of proof of death in a form satisfactory to it, CSF, unless otherwise required by applicable law, will follow the instructions of the beneficiary in regard to the disposition of the account. Any such account held by CSF remains subject to all terms of this Agreement.

7. APPLICABLE LAW AND JURISDICTION

All relations between CSF and its clients are governed by the laws of Bermuda. The place of execution and the place of jurisdiction for any proceedings are at the statutory office of the company in Hamilton, Bermuda.

8. ACCOUNT INFORMATION

a. Account Name : AH/SUB. A/C 3

b. Statement and correspondence should be held until further notice [illegible] :

c. Language of all correspondence : ENGLISH
(English, French, German, Spanish)

d. Special instructions :

9. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between CSF and the client, and shall not be modified or amended by any oral statement or written document except in writing executed by an authorized representative of CSF.

Date:

Signature of the Client:

Signature of CSF Investments, Ltd

15 JUN 1986
Date

APPENDIX A.

DEPOSIT ON JUNE 18th, 1986   US DLRS 200'000.— (TWO HUNDRED THOUSAND)

EXHIBIT AH-22

U.S. PROPOSAL

① IRAN PROVIDES FUNDS FOR 500 TOWS
AND REMAINDER OF HAWK PARTS

② WITHIN 9 DAYS WE DELIVER PARTS + TOWS (500)
PLUS MEDICAL SUPPLIES

③ ALL AMERICAN HOSTAGES RELEASED

④ IRAN PROVIDES FUNDS FOR 1500 TOWS

⑤ WITHIN 9 DAYS WE WILL DELIVER
- 1500 TOWS
- TECHNICAL SUPPORT FOR HAWKS
- UPDATED INTELLIGENCE ON IRAQ
- COMMUNICATIONS TEAM

⑥ IRAN WILL THEN
- RELEASE PATTIS
- RETURN BODY OF BUCKLEY
- PROVIDE COPY OF BUCKLEY DEBRIEF

⑦ U.S. WILL THEN
- IDENTIFY SOURCES FOR OTHER ITEMS ON LIST

EXHIBIT
AH-22

- IRAN WILL THEN WORK TO RELEASE OTHER HOSTAGES.

Translation by Albert Hakim of

the Farse Original of the "9 Points"

Note: The date is the 16th day of the 7th month of the Iranian year which I believe corresponds to 8 October 1986, but needs to be checked. It also indicates the discussions started in the afternoon and lasted until late at night.

Summation of Us and Hakim

1. Iran provides funds to Mr. Hakim for 500 TOWs and, if willing, Iranians will provide for the Hawk spare parts which remain from the previous agreement.

2. Nine working days from now the 500 TOWs and the Hawk spare parts (if accepted by Iran) and the gifted medicines will be delivered to Iran.

3. Before executing Item 4 below, Albert will provide the plan for the release of the Kuwaitis (17 persons).

4. 1 1/2 (1 definitely and the 2nd with all effective possible effort) American hostages in Lebanon, through the effort of Iran, will be released by the Lebanese.

*5. Using the Letter of Credit method, (three to four days after delivery of shipment stipulated in Item 2) additional 500 TOWs (together with a maximum of 100 launchers), within four days after the execution of Item 4 above, will be delivered to Iran. The method of Letter of Credit will be reviewed between Albert and ________________ by tomorrow night. Iran will pay the funds for 1500 TOWs (the 500 TOWs mentioned above plus an additional 1000 TOWs) and the 1000 TOWs will be delivered to Iran within nine days.

6. The United States will start with the technical support of the Hawks (material and know-how), update of the military intelligence and maps, establishment and commissioning of the special communication link,

and will prepare the chart related to the items (provided by Mr. __________) indicating price and delivery to Iran.

Israel and its cover organization, La Had, and the text written in the Seven Step Document of Mr. North (illegible)

**7. Before the return of Mr. __________ to Tehran, the subject of the Moslem prisoners (Shia) in Lebanon and the manner of their release by the involved parties will be reviewed by Mr. Secord.

8. Iran will continue its effort for creating the grounds for the release of the rest of the hostages.

9. The steps for delivery of items referred to in the second part of Item 6 above will start.

* The Letter of Credit will be opened in favor of Mr. __________ and he will make the money for the 500 TOWs available by using 80% of the Letter of Credit.

** After discussion between Mr. Secord and Mr. __________, it was agreed regarding regarding the Moslem prisoners that the sentence (text) will be written in the following manner:

EXHIBIT AH-23

Exhibit I
6-1-87
RBT

Same seal
[illegible] [illegible],
[illegible]
30. 6. 86

H 02718

INVESTMENT MANAGEMENT AGREEMENT

(4064)

Between ALBERT HAKIM

hereinafter called "the Client",

and

CSF INVESTMENTS, LTD., a company organized and existing under the laws of Bermuda and having its principal place of business at Clarendon House, Church Street, Hamilton 5-31, Bermuda, hereinafter referred to as "CSF".

WHEREAS the client has certain assets described in Appendix A hereto and desires to retain the services of CSF to manage and direct the investment of said assets, and

WHEREAS CSF is engaged in the business of asset management for clients and desires to manage and direct the investment of the client's assets,

IT IS, THEREFORE, AGREED, as follows :

1. MANAGEMENT POWER

The client grants to CSF full discretionary authority to manage the account and, in particular, to perform the following transactions

> to make such investments that are customarily made through banks and stock, bond and commodity brokers, including without limitation, stocks, bonds, debentures, notes commercial paper, certificates of deposit, warrants and options whether listed on any exchange or not, whether held for investment or trading purposes, and wherever located. The foregoing power to invest shall include the power to buy, to sell, to liquidate any investments in whole or in part, in any currency.

All acts done hereunder by CSF or its nominees shall be fully binding on the client as if done by the client. This authorization shall be governed by the laws of Bermuda and shall not expire with the death, legally presumed death, loss of legal capacity or bankruptcy of the client. It shall remain valid until CSF receives revocation in writing by the client or the then owner of the account.

EXHIBIT

2. CHARGES

As compensation for services to be performed under this Agreement, the client authorizes CSF to charge its account at the end of each three month period ending March 31, June 30, September 30, and December 31, respectively, or upon the closing of the account or upon the withdrawal of a substantial part of the value of the account, a quarterly fee which shall be 1/4 percent of the net value of the account.

3. FINANCIAL STATEMENTS

CSF will furnish the client with quarterly financial statements of the account. These statements will show a list of all cash and securities in the account with their respective market values and their aggregate net asset value or equity.

4. WITHDRAWALS AND TERMINATION

The client shall have the right to withdraw from the management of CSF any part or all of the account at any time. Any withdrawal of securities from the management of CSF shall be deemed a sale of those securities at their closing price on the day of withdrawal.

Both CSF and the client shall have the right to terminate this Agreement at any time. In the event of such withdrawals or termination, CSF shall have up to fifteen days from the date it receives notice to make payment or distribution.

5. MISCELLANEOUS CONDITIONS

a) Signatures communicated to CSF are valid until a notice of revocation is given in writing and received by CSF.

b) Any claim or complaint of the client in connection with any correspondence or statement issued by CSF must be made immediately but at the latest within one month of receipt of such correspondence or statement. In the absence of any claim or complaint wihtin one month, the statements of the account are deemed to have been approved. If the client does not received correspondence or statements as a result of requesting that his mail be held, the claim must be made as soon as he normally should have received such correspondence or statements sent by mail. The express or tacit approval of the statement of account entails the approval of all items contained therein.

c) Any communications from CSF are deemed to have been made as soon as they have been sent to the last address given by the client. The date mentioned on the copy or on the mailing list in possession of CSF will be presumed to be the date of forwarding. Any mail kept in safe-keeping with CSF will be deemed, in the event of doubt, as having been delivered on the date mentioned thereon.

d) Damages resulting from insufficient legitimation or from undiscovered forgeries are chargeable to the client, except in the event of gross negligence on the part of CSF.

e) Damages resulting from the use of the mail, telegraph, telephone, telex, firm or carriers or other means of forwarding, particularly as a result of delays, losses, misunderstandings, mutilations or duplication of forwarding are chargeable to the client, except in the event of gross negligence on the part of CSF. If any such damages shall result, CSF shall cooperate fully with the client to recover from any responsible third party the amount of such damages.

f) In the event of damages resulting from the non-execution or defective execution of an order, CSF is liable only for the loss of interest.

g) CSF shall conduct business during normal business hours on all days of the year except Saturdays, Sundays, and all legal holiday observed by banks in Bermuda.

h) CSF is a wholly owned subsidiary of Compagnie de Services Fiduciaires S.A., 3ter chemin Thury, Geneva, Switzerland, with whom the client may maintain an account or accounts. The client may by separate document authorize CSF to accept instructions from duly designated employees of Compagnie de Services Fiduciaires concerning his account.

i) CSF shall not be liable for any act, omission, error of judgment or loss suffered by the client in connection with the Account except as may result from its own gross negligence, fraud, wilful misconduct or reckless disregard of its obligations and duties hereunder. The client hereby indemnifies CSF from and against all actions, proceedings, claims, costs, demands and expenses (i) resulting in any way from the performance or non-performance of its duties hereunder except such as may result from such gross negligence, fraud, wilful misconduct or reckless disregard as aforesaid or (ii) which may arise or be brought against CSF by virtue of CSF having acted in accordance with any instruction purportedly received from the client.

6. JOINT ACCOUNT BENEFICIARIES

In the case of a joint account, each account holder has jointly and severally the right to dispose of the account and of all assets held therein without restriction. Upon the death of any joint account holder, the surviving holder or holders continue to dispose freely of the account. The personal representatives of the deceased account holder have no right to dispose of or to obtain information about the account. CSF shall be accountable solely to the surviving account holder or holders.

Upon the death of a client who has designated a beneficiary in his account authorization form, or by subsequent letter acknowledged to have been received by CSF, and upon receipt by CSF of proof of death in a form satisfactory to it, CSF will use its best efforts to transfer the account of the beneficiary and to follow the instructions of the beneficiary in regard to the disposition of the account. Any such account held by CSF remains subject to all terms of this Agreement.

7. APPLICABLE LAW AND JURISDICTION

All relations between CSF and its clients are governed by the laws of Bermuda. The place of execution and the place of jurisdiction for any proceedings are at the statutory office of the company in Hamilton, Bermuda.

8. ACCOUNT INFORMATION

a. Account Name: ____________________

b. Statements and correspondence should be held until further notice or mailed to: ____________________

c. Language of all correspondence: ____________________
(English, French, German, Spanish)

Special instructions : ____________________

9. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between CSF and the client, and shall not be modified or amended by any oral statement or written document except in writing executed by an authorized representative of CSF.

Date: ____________________

Signature of the Client: ____________________

Signature of CSF Investments, Ltd ____________________ Date

Exhibit AH-24

Exhibit M
6-1-87
RBT

[redacted]

INVESTMENT MANAGEMENT AGREEMENT

Between KOREL ASSETS 4201

hereinafter referred to as "the client"

and

CSF INVESTMENTS, LTD., a company organized and existing under the laws of Bermuda and having its principal place of business at Hayward Building, Bermundiana Road, Hamilton 5-31, Bermuda, hereinafter referred to as "CSF".

WHEREAS the client has certain assets described in Appendix A hereto and desires to retain the services of CSF to manage and direct the investment of said assets, and

WHEREAS CSF is engaged in the business of asset management for clients and desires to manage and direct the investment of the client's assets,

IT IS THEREFORE AGREED as follows :

1. MANAGEMENT POWER

The client grants to CSF full discretionary authority to manage the account and, in particular, to perform the following transactions:

> To make such investments that are customarily made through banks and stock, bond and commodity brokers, including without limitation, stocks, bonds, debentures, notes, commercial paper, certificates of deposit, warrants and options whether listed on any exchange or not, whether held for investment or trading purposes, and wherever located. The foregoing power to invest shall include the power to buy, to sell, to liquidate any investments in whole or in part, in any currency.

EXHIBIT
AH-24

All acts done hereunder by CSF or its nominees shall be fully binding on the client as if done by the client. This authorization shall be governed by the laws of Bermuda and shall not expire with the death, legally presumed death, loss of legal capacity or bankruptcy of the client. It shall remain valid until CSF receives revocation in writing by the client or the then owner of the account.

2. CHARGES

As compensation for services to be performed under this Agreement, the client authorizes CSF to charge its account at the end of each three month period ending March 31, June 30, September 30, and December 31, respectively, or upon the closing of the account or upon the withdrawal of a substantial part of the value of the account, a quarterly fee which shall be 1/4 percent of the net value of the account.

3. FINANCIAL STATEMENTS

CSF will furnish the client with quarterly financial statements of the account. These statements will show a list of all cash and securities in the account with their respective market values and their aggregate net asset value or equity.

4. WITHDRAWALS AND TERMINATION

The client shall have the right to withdraw from the management of CSF any part or all of the account at any time. Any withdrawal of securities from the management of CSF shall be deemed a sale of those securities at their closing price on the day of withdrawal.

Both CSF and the client shall have the right to terminate this Agreement at any time. In the event of such withdrawals or termination, CSF shall have up to fifteen days from the date it receives notice to make payment or distribution.

5. MISCELLANEOUS CONDITIONS

a) Signatures communicated to CSF are valid until a notice of revocation is given in writing and received by CSF.

b) Any claim or complaint of the client in connection with any correspondence or statement issued by CSF must be made immediately but at the latest within one month of receipt of such correspondence or statement. In the absence of any claim or complaint within one month, the statements of the account are deemed to have been approved. If the client does not receive correspondence or statements as a result of requesting that his mail be held, the claim must be made as soon as he normally should have received such correspondence or statements sent by mail. The express or tacit approval of the statement of account entails the approval of all items contained therein.

c) Any communications from CSF are deemed to have been made as soon as they have been sent to the last address given by the client. The date mentioned on the copy or on the mailing list in possession of CSF will be presumed to be the date of forwarding. Any mail kept in safe-keeping with CSF will be deemed, in the event of doubt, as having been delivered on the date mentioned thereon.

d) Damages resulting from insufficient legitimation or from undiscovered forgeries are chargeable to the client, except in the event of gross negligence on the part of CSF.

e) Damages resulting from the use of the mail, telegraph, telephone, telex, firm or carriers or other means of forwarding, particularly as a result of delays, losses, misunderstandings, mutilations or duplication of forwarding are chargeable to the client, except in the event of gross negligence on the part of CSF. If any such damages shall result, CSF shall cooperate fully with the client to recover from any responsible third party the amount of such damages.

f) In the event of damages resulting from the non-execution or defective execution of an order, CSF is liable only for the loss of interest.

g) CSF shall conduct business during normal business hours on all days of the year except Saturdays, Sundays, and all legal holiday observed by banks in bermuda.

h) CSF is a wholly owned subsidiary of Compagnie de Services Fiduciaires S.A., 3ter chemin Thury, Geneva, Switzerland, with whom the client may maintain an account or accounts. The client may by separate document authorize CSF to accept instructions from duly designated employees of Compagnie de Services Fiduciaires concerning his account.

" C2744

i) CSF shall not be liable for any act, omission, error of judgment or loss suffered by the client in connection with the Account except as may result from its own gross negligence, fraud, wilful misconduct or reckless disregard of its obligations and duties hereunder. The client hereby indemnifies CSF from and against all actions, proceedings, claims, costs, demands and expenses (i) resulting in any way from the performance or non-performance of its duties hereunder except such as may result from such gross negligence, fraud, wilful misconduct or reckless disregard as aforesaid or (ii) which may arise or be brought against CSF by virtue of CSF having acted in accordance with any instruction purportedly received from the client.

6. JOINT ACCOUNT BENEFICIARIES

In the case of a joint account, each account holder has jointly and severally the right to dispose of the account and of all assets held therein without restriction. Upon the death of any joint account holder, the surviving holder or holders continue to dispose freely of the account. The personal representatives of the deceased account holder have no right to dispose of or to obtain information about the account. CSF shall be accountable solely to the surviving account holder or holders.

Upon the death of a client who has designated a beneficiary in his account authorization form, or by subsequent letter acknowledged to have been received by CSF, and upon receipt by CSF of proof of death in a form satisfactory to it, CSF will use its best efforts to transfer the account of the beneficiary and to follow the instructions of the beneficiary in regard to the disposition of the account. Any such account held by CSF remains subject to all terms of this Agreement.

7. APPLICABLE LAW AND JURISDICTION

All relations between CSF and its clients are governed by the laws of Bermuda. The place of execution and the place of jurisdiction for any proceedings are at the statutory office of the company in Hamilton, Bermuda.

8. **ACCOUNT INFORMATION**

a. Account Name : ______________________

b. Statement and correspondence should be held until further notice or mailed to : ______________________

c. Language of all correspondence : ______________
(English, French, German, Spanish)

d. Special instructions :

9. **ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between CSF and the client, and shall not be modified or amended by any oral statement or written document except in writing executed by an authorized representative of CSF.

Date: ______________________

Signature of the Client: ______________________

____
Signature of CSF Investments, Ltd

September 17, 1985
Date

Exhibit AH-25

H 02751

Exhibit O
6-1-87
RDT

INVESTMENT MANAGEMENT AGREEMENT

Between SCITECH TRADING GROUP INC.

hereinafter referred to as "the client"

and

CSF INVESTMENTS, LTD., a company organized and existing under the laws of Bermuda and having its principal place of business at Hayward Building, Bermundiana Road, Hamilton 5-31, Bermuda, hereinafter referred to as "CSF".

WHEREAS the client has certain assets described in Appendix A hereto and desires to retain the services of CSF to manage and direct the investment of said assets, and

WHEREAS CSF is engaged in the business of asset management for clients and desires to manage and direct the investment of the client's assets,

IT IS THEREFORE AGREED as follows :

1. MANAGEMENT POWER.

The client grants to CSF full discretionary authority to manage the account and, in particular, to perform the following transactions:

> To make such investments that are customarily made through banks and stock, bond and commodity brokers, including without limitation, stocks, bonds, debentures, notes, commercial paper, certificates of deposit, warrants and options whether listed on any exchange or not, whether held for investment or trading purposes, and wherever located. The foregoing power to invest shall include the power to buy, to sell, to liquidate any investments in whole or in part, in any currency.

EXHIBIT
AH-25

All acts done hereunder by CSF or its nominees shall be fully binding on the client as if done by the client. This authorization shall be governed by the laws of Bermuda and shall not expire with the death, legally presumed death, loss of legal capacity or bankruptcy of the client. It shall remain valid until CSF receives revocation in writing by the client or the then owner of the account.

2. CHARGES

As compensation for services to be performed under this Agreement, the client authorizes CSF to charge its account at the end of each three month period ending March 31, June 30, September 30, and December 31, respectively, or upon the closing of the account or upon the withdrawal of a substantial part of the value of the account, a quarterly fee which shall be 1/4 percent of the net value of the account.

3. FINANCIAL STATEMENTS

CSF will furnish the client with quarterly financial statements of the account. These statements will show a list of all cash and securities in the account with their respective market values and their aggregate net asset value or equity.

4. WITHDRAWALS AND TERMINATION

The client shall have the right to withdraw from the management of CSF any part or all of the account at any time. Any withdrawal of securities from the management of CSF shall be deemed a sale of those securities at their closing price on the day of withdrawal.

Both CSF and the client shall have the right to terminate this Agreement at any time. In the event of such withdrawals or termination, CSF shall have up to fifteen days from the date it receives notice to make payment or distribution.

5. MISCELLANEOUS CONDITIONS

a) Signatures communicated to CSF are valid until a notice of revocation is given in writing and received by CSF.

b) Any claim or complaint of the client in connection with any correspondence or statement issued by CSF must be made immediately but at the latest within one month of receipt of such correspondence or statement. In the absence of any claim or complaint within one month, the statements of the account are deemed to have been approved. If the client does not receive correspondence or statements as a result of requesting that his mail be held, the claim must be made as soon as he normally should have received such correspondence or statements sent by mail. The express or tacit approval of the statement of account entails the approval of all items contained therein.

c) Any communications from CSF are deemed to have been made as soon as they have been sent to the last address given by the client. The date mentioned on the copy or on the mailing list in possession of CSF will be presumed to be the date of forwarding. Any mail kept in safe-keeping with CSF will be deemed, in the event of doubt, as having been delivered on the date mentioned thereon.

d) Damages resulting from insufficient legitimation or from undiscovered forgeries are chargeable to the client, except in the event of gross negligence on the part of CSF.

e) Damages resulting from the use of the mail, telegraph, telephone, telex, firm or carriers or other means of forwarding, particularly as a result of delays, losses, misunderstandings, mutilations or duplication of forwarding are chargeable to the client, except in the event of gross negligence on the part of CSF. If any such damages shall result, CSF shall cooperate fully with the client to recover from any responsible third party the amount of such damages.

f) In the event of damages resulting from the non-execution or defective execution of an order, CSF is liable only for the loss of interest.

g) CSF shall conduct business during normal business hours on all days of the year except Saturdays, Sundays, and all legal holiday observed by banks in Bermuda.

h) CSF is a wholly owned subsidiary of Compagnie de Services Fiduciaires S.A., 3ter chemin Thury, Geneva, Switzerland, with whom the client may maintain an account or accounts. The client may by separate document authorize CSF to accept instructions from duly designated employees of Compagnie de Services Fiduciaires concerning his account.

i) CSF shall not be liable for any act, omission, error of judgment or loss suffered by the client in connection with the Account except as may result from its own gross negligence, fraud, wilful misconduct or reckless disregard of its obligations and duties hereunder. The client hereby indemnifies CSF from and against all actions, proceedings, claims, costs, demands and expenses (i) resulting in any way from the performance or non-performance of its duties hereunder except such as may result from such gross negligence, fraud, wilful misconduct or reckless disregard as aforesaid or (ii) which may arise or be brought against CSF by virtue of CSF having acted in accordance with any instruction purportedly received from the client.

6. JOINT ACCOUNT BENEFICIARIES

In the case of a joint account, each account holder has jointly and severally the right to dispose of the account and of all assets held therein without restriction. Upon the death of any joint account holder, the surviving holder or holders continue to dispose freely of the account. The personal representatives of the deceased account holder have no right to dispose of or to obtain information about the account. CSF shall be accountable solely to the surviving account holder or holders.

Upon the death of a client who has designated a beneficiary in his account authorization form, or by subsequent letter acknowledged to have been received by CSF, and upon receipt by CSF of proof of death in a form satisfactory to it, CSF will use its best efforts to transfer the account of the beneficiary and to follow the instructions of the beneficiary in regard to the disposition of the account. Any such account held by CSF remains subject to all terms of this Agreement.

7. APPLICABLE LAW AND JURISDICTION

All relations between CSF and its clients are governed by the laws of Bermuda. The place of execution and the place of jurisdiction for any proceedings are at the statutory office of the company in Hamilton, Bermuda.

8. ACCOUNT INFORMATION

a. Account Name :

b. Statement and correspondence should be held until further notice or mailed to :

c. Language of all correspondence :
(English, French, German, Spanish)

d. Special instructions :

9. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between CSF and the client, and shall not be modified or amended by any oral statement or written document except in writing executed by an authorized representative of CSF.

Date: November 12th, 1985

Signature of the Client:

Signature of CSF Investments, Ltd

November 12th, 1985
Date

EXHIBIT AH-26

EXHIBIT N
6-1-87
RBT

INVESTMENT MANAGEMENT AGREEMENT

№ 02746

Between B.BUTTON 4227

hereinafter referred to as "the client"

and

CSF INVESTMENTS, LTD., a company organized and existing under the laws of Bermuda and having its principal place of business at Hayward Building, Bermudiana Road, Hamilton 5-31, Bermuda, hereinafter referred to as "CSF".

WHEREAS the client has certain assets described in Appendix A hereto and desires to retain the services of CSF to manage and direct the investment of said assets, and

WHEREAS CSF is engaged in the business of asset management for clients and desires to manage and direct the investment of the client's assets,

IT IS THEREFORE AGREED as follows :

1. MANAGEMENT POWER

The client grants to CSF full discretionary authority to manage the account and, in particular, to perform the following transactions:

> To make such investments that are customarily made through banks and stock, bond and commodity brokers, including without limitation, stocks, bonds, debentures, notes, commercial paper, certificates of deposit, warrants and options whether listed on any exchange or not, whether held for investment or trading purposes, and wherever located. The foregoing power to invest shall include the power to buy, to sell, to liquidate any investments in whole or in part, in any currency.

EXHIBIT
AH-26

All acts done hereunder by CSF or its nominees shall be fully binding on the client as if done by the client. This authorization shall be governed by the laws of Bermuda and shall not expire with the death, legally presumed death, loss of legal capacity or bankruptcy of the client. It shall remain valid until CSF receives revocation in writing by the client or the then owner of the account.

2. CHARGES

As compensation for services to be performed under this Agreement, the client authorizes CSF to charge its account at the end of each three month period ending March 31, June 30, September 30, and December 31, respectively, or upon the closing of the account or upon the withdrawal of a substantial part of the value of the account, a quarterly fee which shall be 1/4 percent of the net value of the account.

3. FINANCIAL STATEMENTS

CSF will furnish the client with quarterly financial statements of the account. These statements will show a list of all cash and securities in the account with their respective market values and their aggregate net asset value or equity.

4. WITHDRAWALS AND TERMINATION

The client shall have the right to withdraw from the management of CSF any part or all of the account at any time. Any withdrawal of securities from the management of CSF shall be deemed a sale of those securities at their closing price on the day of withdrawal.

Both CSF and the client shall have the right to terminate this Agreement at any time. In the event of such withdrawals or termination, CSF shall have up to fifteen days from the date it receives notice to make payment or distribution.

5. MISCELLANEOUS CONDITIONS

a) Signatures communicated to CSF are valid until a notice of revocation is given in writing and received by CSF.

b) Any claim or complaint of the client in connection with any correspondence or statement issued by CSF must be made immediately but at the latest within one month of receipt of such correspondence or statement. In the absence of any claim or complaint within one month, the statements of the account are deemed to have been approved. If the client does not receive correspondence or statements as a result of requesting that his mail be held, the claim must be made as soon as he normally should have received such correspondence or statements sent by mail. The express or tacit approval of the statement of account entails the approval of all items contained therein.

c) Any communications from CSF are deemed to have been made as soon as they have been sent to the last address given by the client. The date mentioned on the copy or on the mailing list in possession of CSF will be presumed to be the date of forwarding. Any mail kept in safe-keeping with CSF will be deemed, in the event of doubt, as having been delivered on the date mentioned thereon.

d) Damages resulting from insufficient legitimation or from undiscovered forgeries are chargeable to the client, except in the event of gross negligence on the part of CSF.

e) Damages resulting from the use of the mail, telegraph, telephone, telex, firm or carriers or other means of forwarding, particularly as a result of delays, losses, misunderstandings, mutilations or duplication of forwarding are chargeable to the client, except in the event of gross negligence on the part of CSF. If any such damages shall result, CSF shall cooperate fully with the client to recover from any responsible third party the amount of such damages.

f) In the event of damages resulting from the non-execution or defective execution of an order, CSF is liable only for the loss of interest.

g) CSF shall conduct business during normal business hours on all days of the year except Saturdays, Sundays, and all legal holiday observed by banks in Bermuda.

h) CSF is a wholly owned subsidiary of Compagnie de Services Fiduciaires S.A., 3ter chemin Thury, Geneva, Switzerland, with whom the client may maintain an account or accounts. The client may by separate document authorize CSF to accept instructions from duly designated employees of Compagnie de Services Fiduciaires concerning his account.

i) CSF shall not be liable for any act, omission, error of judgment or loss suffered by the client in connection with the Account except as may result from its own gross negligence, fraud, wilful misconduct or reckless disregard of its obligations and duties hereunder. The client hereby

indemnifies CSF from and against all actions, proceedings, claims, costs, demands and expenses (i) resulting in any way from the performance or non-performance of its duties hereunder except such as may result from such gross negligence, fraud, wilful misconduct or reckless disregard as aforesaid or (ii) which may arise or be brought against CSF by virtue of CSF having acted in accordance with any instruction purportedly received from the client.

6. JOINT ACCOUNT BENEFICIARIES

In the case of a joint account, each account holder has jointly and severally the right to dispose of the account and of all assets held therein without restriction. Upon the death of any joint account holder, the surviving holder or holders continue to dispose freely of the account. The personal representatives of the deceased account holder have no right to dispose of or to obtain information about the account. CSF shall be accountable solely to the surviving account holder or holders.

Upon the death of a client who has designated a beneficiary in his account authorization form, or if not, who has designated a beneficiary by subsequent letter acknowledged to have been received by CSF, or has by subsequent letter acknowledged to have been received by CSF, has changed the designation of beneficiary, and upon receipt by CSF of proof of death in a form satisfactory to it, CSF, unless otherwise required by applicable law, will follow the instructions of the beneficiary in regard to the disposition of the account. Any such account held by CSF remains subject to all terms of this Agreement.

7. APPLICABLE LAW AND JURISDICTION

All relations between CSF and its clients are governed by the laws of Bermuda. The place of execution and the place of jurisdiction for any proceedings are at the statutory office of the company in Hamilton, Bermuda.

8. ACCOUNT INFORMATION

a. Account Name : ____________________

b. Statement and correspondence should be held until further notice or mailed to : ____________________

c. Language of all correspondence : ____________
(English, French, German, Spanish)

d. Special instructions :

9. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between CSF and the client, and shall not be modified or amended by any oral statement or written document except in writing executed by an authorized representative of CSF.

Date: ____________________

Signature of the Client: ____________________

Signature of CSF Investments, Ltd

22 MAI 1986
Date

EXHIBIT AH-27

.tgoing telex: 05424

GENEVE, LE 5 MAI 1986

ATTN.: MME RAPPAZ

H 1646

CONCERNE : ALBON VALUES
-------- COMPTE NO 108277-32-1

VEUILLEZ PAYER LA SOMME DE USDLRS 15,200,--
FAVEUR DE COMPAGNIE DE SERVICES FIDUCIAIRES SA
COMPTE NO 603083-62-1 DANS VOS LIVRES

MERCI ET SALUTATIONS

ROLAND FARINA

CONFIRMATION SIGNEE SUIT

** Start of response **
.. 'elex sent 11:48:26 05/05/86 **

DATE: 05/05/86
TIME: 11:48:26
REF: 05424

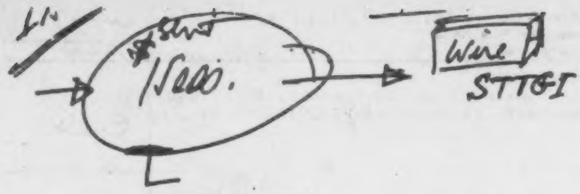
22805

22805+
22805A CSGI CH
428665 CSF CH
CI

428665 CSF CH
22805A CSGI CH

** End of telex **

EXHIBIT
AH-27



H 1646

RV. Second — Small fee

→ Mrs. Bellybutton,

→

STTGI
First Amer Bank of Va.
McLean, Va.
22102

a/c 00448192

Branch Mgr
Becky Ogden

703-827-8733

$15000.

(RF)

108277, 321

Albon Get Roland to
reimburse you

CS →
607.083.62.1

$ 15000.
200. to Cover Bank Chgs + 3 LD Tel calls to USA

$ 15200.

WS

Republic National Bank of New York
452 Fifth Avenue • New York, New York 10018

WE DEBIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW

DATE 05/03/86

TO:FIRST AMERICAN BANK OF VA
ORG-CLIENT BNF=ST1GI A/C 00448192 BBI=BR MANAGER BECKY OGDE TEL (703)
827-8733 U/C/A INS= COMPAGNIE DE SERVICES FIDUCIAIRES SA

B/O: COMPAGNIE DE SERVICES
FIDUCIAIRES SA

H 1647

AMOUNT
8240
TOTAL $15,000.00

D B MAIL TO COMPAGNIE DE SERVICES
FIDUCIAIRES SA
UNG

ACCT. NO 604304449

AUTHORIZED SIGNATURE

05021517 B4A01 0250

AA805021517 B4B04 0250

EIGT VIMP AIIM AIDA

2/5 4818.001 $15200
7900.01 $ 200
5606.001 15000-

22/02
a/c 00448192
Chq ev-second + fees
Branch Mgr
Becky Ogden
703-827-8733
$15200.

D 4318 15200-

Get Roland to reimburse you
$ 15000.
200.
$ 15200.
to cover Bank Chgs + 3 LD Tel calls to USA

C.S
ok recv,

WS

Exhibit AH-28A

2000 C.S.F. INV. LTD
LEDGER
FROM 01 01 85 TO 31 12 85
86 03 13 PAGE 363

H 03129

A/C.		NAME & DESCRIPTION		DOC.NO	CONTRA		DEBIT	CREDIT	BALANCE
4201001		****** KOREL ASSETS		CASH	US$				
8	7	ON CALL	240000+	7209	#5606001		240 000.00		240 000.00
24	7	NEW FUNDS		7124	5606001			522 820.00	262 820.00-
26	7	PURCHASE	500+	3108	5900001		29 750.00		
26	7	PURCHASE	50000+	3108	5900001		56 500.00		
26	7	ACCRUED INT	50000+	3108	5900001		7 520.55		
26	7	PURCHASE	50000+	3108	5900001		53 500.00		
24	7	ACCRUED INT	50000+	3108	5900001		6 760.27		
26	7	SFR/US$ AT 2.3470		7120	890001	234 700.00+	100 000.00		8 789.18-
7	8	REDEMPTION SERFID		7155	5900001		8 042.24		
7	8	INT. CALL JULY		7209	#5606001			1 191.67	1 938.61-
9	8	OFF CALL	80000-	7334	#5606001			80 000.00	81 938.61-
15	8	ON CALL	80000+	7334	#5606001		80 000.00		1 938.61-
28	8	OFF CALL	120000-	7334	#5606001			120 000.00	121 938.61-
5	9	OFF CALL	40000-	7404	#5606001			40 000.00	161 938.61-
6	9	PURCHASE	100000+	7356	#5627001		107 000.00		
6	9	ACCRUED INT.	100000+	7356	#5627001		5 347.22		
6	9	OFF CALL	100000-	7404	5606001			100 000.00	149 591.39-
7	9	INT. CALL		7362	#5606001			1 406.30	150 997.69-
10	9	DIVIDEND	100-	8039	#5614001			38.50	151 036.19-
16	9	ON CALL	100000+	7404	#5606001		100 000.00		51 036.19-
27	9	ON CALL	40000+	7404	#5606001		40 000.00		11 036.19-
1	10	CHQ TO RICHARD V. SECORD		8023	*		52 600.00		
1	10	CREDIT INTEREST	50000-	8039	5614001			7 500.00	

CSF INVESTMENTS LTD.

2000 C.S.F. INV. LTD
86 03 13 PAGE 364

PENGAD-Bayonne, N.J.
EXHIBIT
AH-28A

EXHIBIT AH-28B

REPUBLIC NATIONAL BANK OF NEW YORK

INTERNATIONAL PRIVATE BANKING GROUP

TELEPHONIC PAYMENT ORDER

T[redacted]RA PASTRMAC

CR F 0110

TO: IN[redacted]TIONAL PAYING AND RECEIVING ☑
FOREIGN ACCOUNTS DEPT. ☐

DATE: 10/1/85

FROM: INTERNATIONAL PRIVATE BANKING GROUP
ACCOUNT OFFICER Nan Morabia

TIME: 12:15 PM

AS PER TODAY'S TELEPHONE INSTRUCTION OF MR./MS. Bill Zucker
PLEASE MAKE THE FOLLOWING PAYMENT:
(FEDERAL FUNDS/STREET FUNDS)

BY THE DEBIT OF: CSF Investments Ltd. #606451064

AMOUNT: $52,500.00(FIFTY-TWO THOUSAND FIVE HUNDRED DOLLARD ONLY)

[✓ ISSUE CHECK TO:] RICHARD V. SECOURD
Stanford Technology Trading Group Int'l
Suite 202, 8615 Westwood Center Drive
Vienna Va. 22180

TRANSFER TO:

FOR ACCOUNT OF:

BY ORDER OF: Client

VALUE DATE: 10/1/85

OK TO O/D

O/D REASON

AUTHORIZED SIGNATURE

AUTHORIZED SIGNATURE

CUSTOMER CONFIRMATION

CUSTOMER CONFIRMATION FOLLOW-UP BY: OFFICER ☑
HOLD MAIL ☐

FOREIGN ACCOUNTS DEPARTMENT
OCT 0 1 1985
PAYING AND RECEIVING SECTION

INSTRUCTION COPY - WHITE DEPT FILE - PINK OFFICER FOLLOW UP - GOLDEN ROD

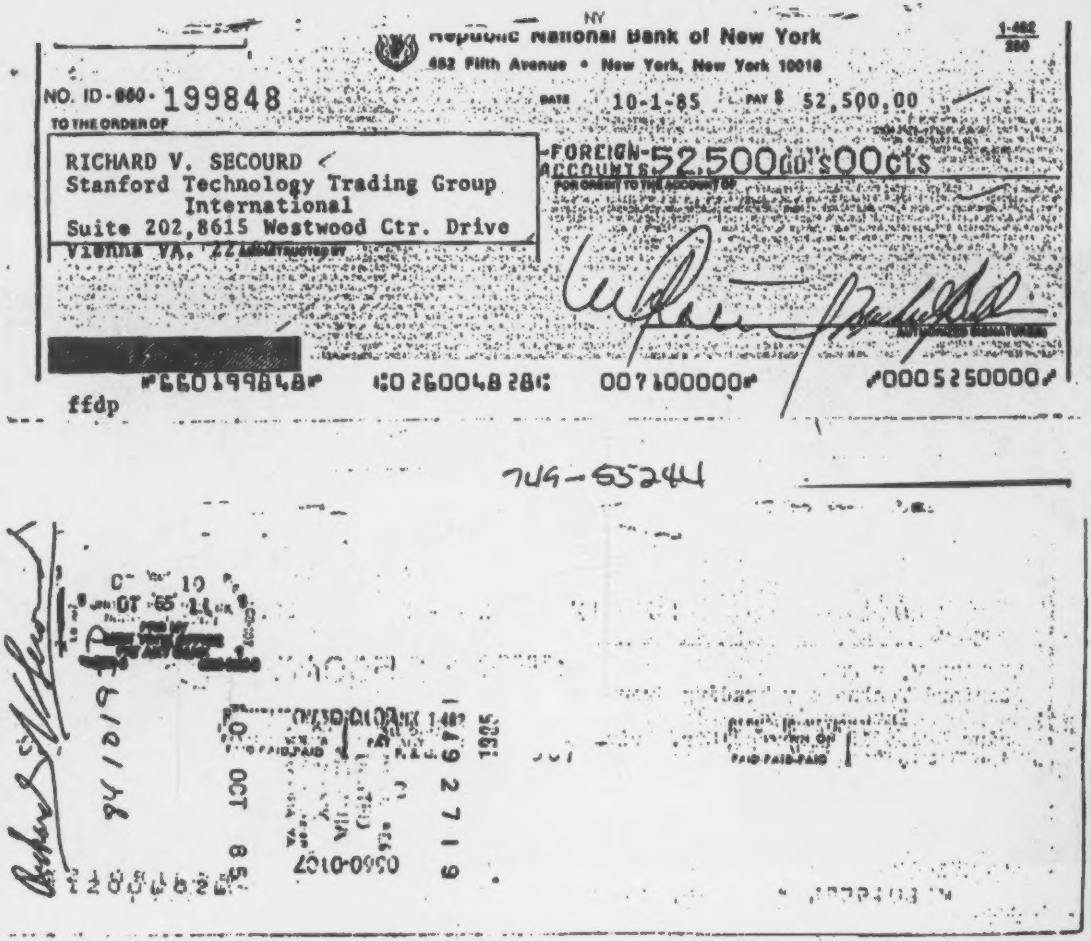
IPBG 3403R

EXHIBIT
AH-28B

EXHIBIT AH-28C

Check from CSF account to Richard V. Secord
for $52,500

EXHIBIT
AH-28C



NY
Republic National Bank of New York
452 Fifth Avenue • New York, New York 10018
1-482
280

NO. ID-660-199848
DATE 10-1-85 PAY $ 52,500.00

TO THE ORDER OF
RICHARD V. SECOURD
Stanford Technology Trading Group
International
Suite 202, 8615 Westwood Ctr. Drive
Vienna VA. 22180

-FOREIGN-ACCOUNTS 52,500 DLS 00 cts
FOR CREDIT TO THE ACCOUNT OF

AUTHORIZED SIGNATURES

[redacted]

⑈660199848⑈ ⑆026004828⑆ 007100000⑈ ⑈0005250000⑈

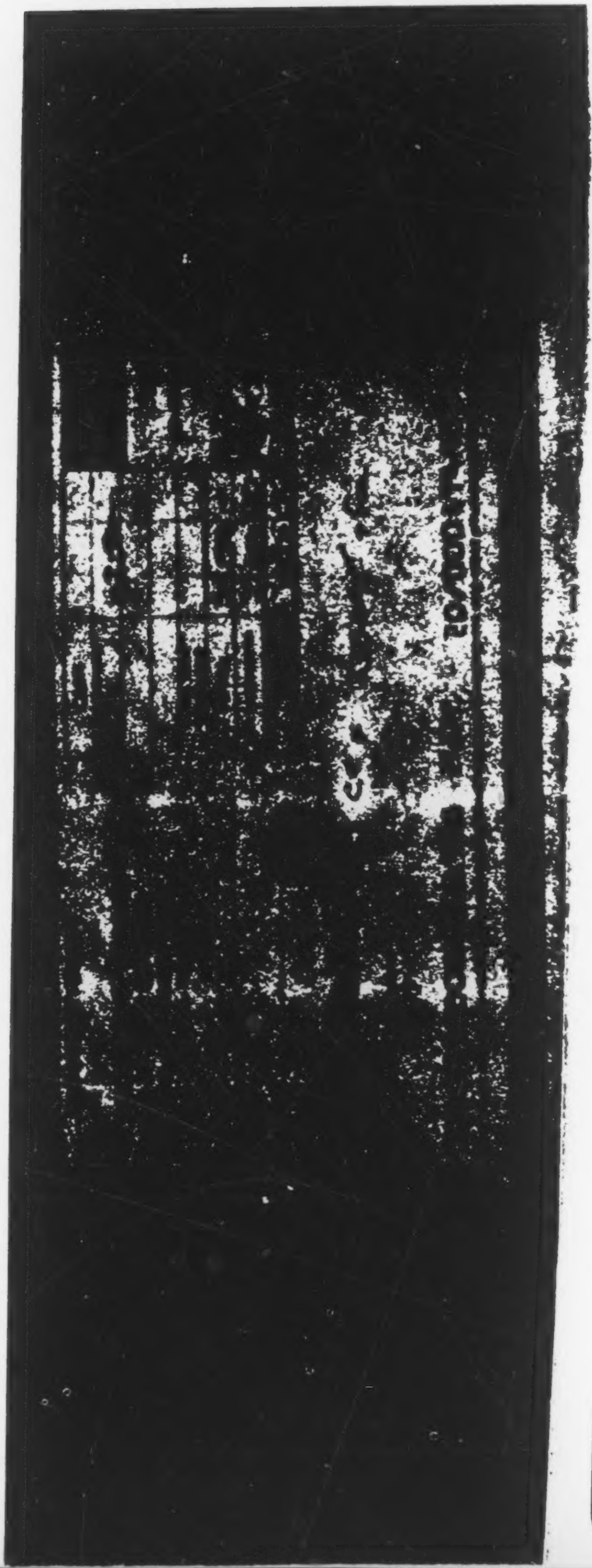
ffdp

749-53244

10 OCT 85
1985
1492719
0560-0107
PAID PAID PAID

84 19 19

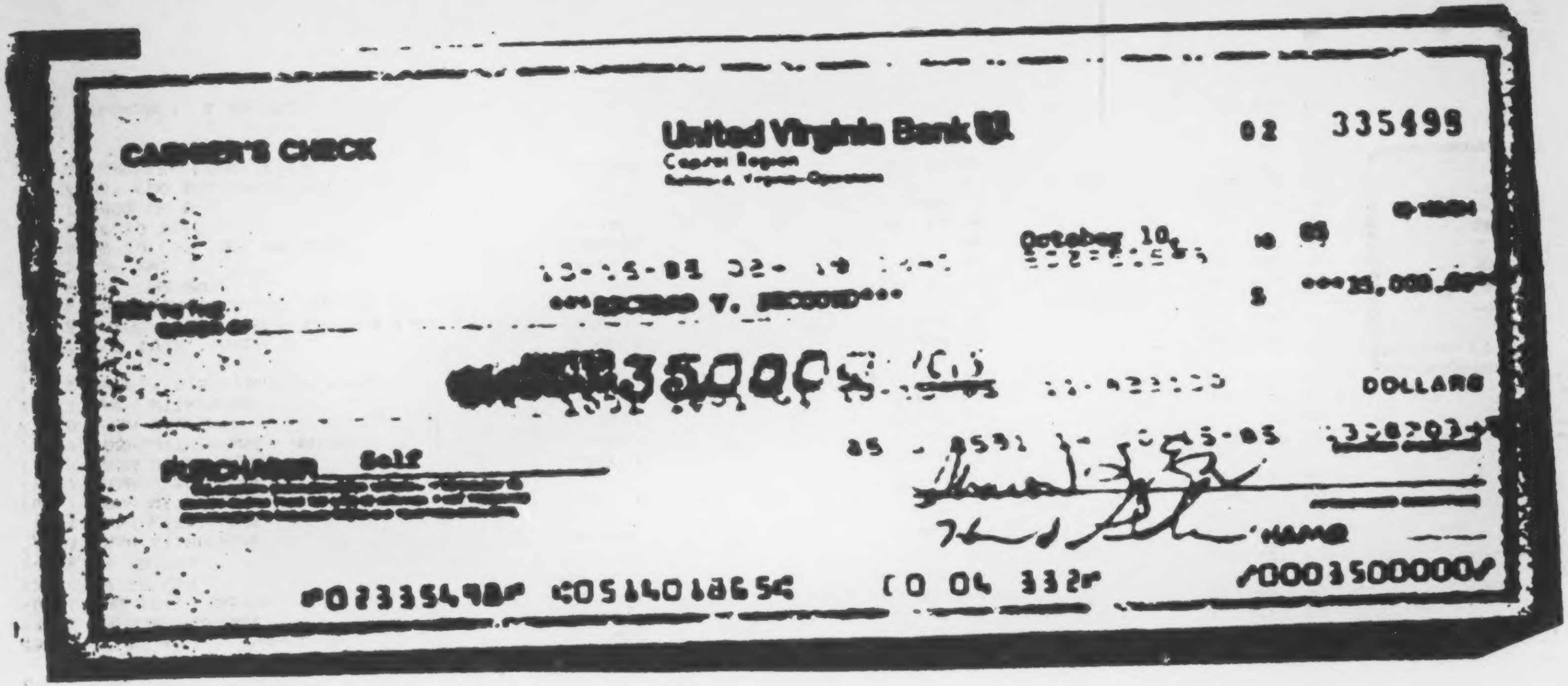
EXHIBIT AH-28D



Disbursement of $52,500 check
Deposit ticket to account of Richard V. Secord and Jo Ann Secord

Cash out of $35,004.50
Cash deposit of $17,495.50

EXHIBIT
AH-28D



CASHIER'S CHECK

United Virginia Bank

Capital Region

02 335498

October 10, 19 85

$ ***35,000.00***

PAY TO THE ORDER OF ***RICHARD V. SECORD***

DOLLARS

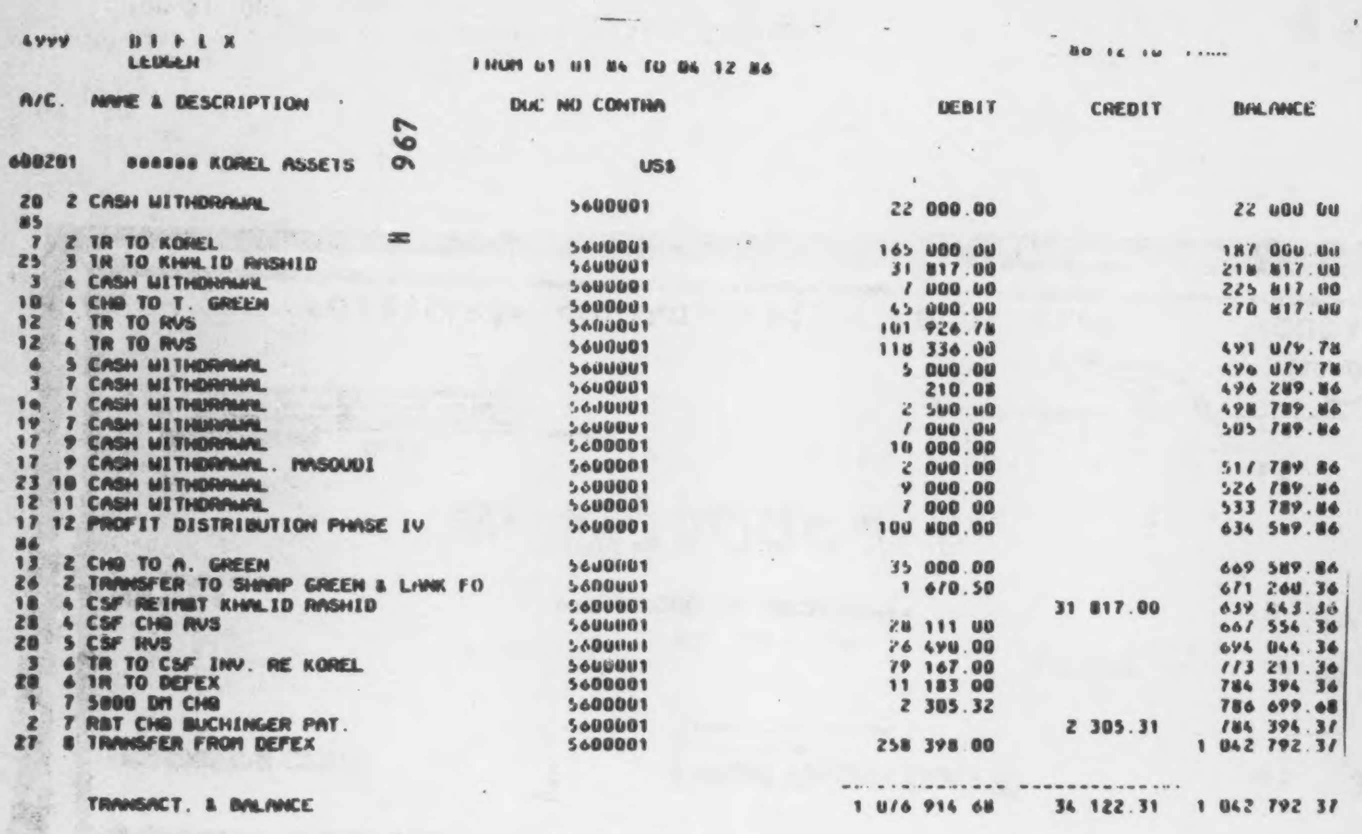
PURCHASER Self

⑈023354⑈ ⑆051401865⑆ 00 04 332⑈ ⑈0003500000⑈

Cashier's Check to the order of Richard V. Secord
for $35,000

EXHIBIT AH-29A

EXHIBIT
AH-29A



4999 D I F E X
LEDGER

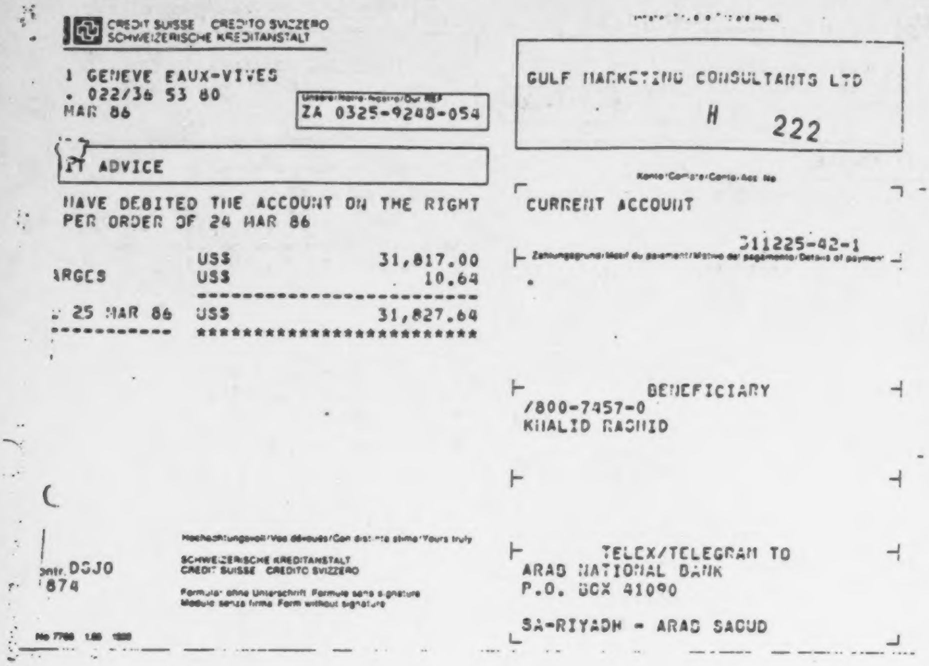
FROM 01 01 84 TO 06 12 86

86 12 10 ......

967

A/C.	NAME & DESCRIPTION	DOC NO CONTRA	DEBIT	CREDIT	BALANCE
600201	****** KOREL ASSETS	US$			
20 2	CASH WITHDRAWAL	5600001	22 000.00		22 000 00
85					
7 2	TR TO KOREL	5600001	165 000.00		187 000.00
25 3	TR TO KHALID RASHID	5600001	31 817.00		218 817.00
3 4	CASH WITHDRAWAL	5600001	7 000.00		225 817.00
10 4	CHQ TO T. GREEN	5600001	45 000.00		270 817.00
12 4	TR TO RVS	5600001	101 926.78		
12 4	TR TO RVS	5600001	118 336.00		491 079.78
6 5	CASH WITHDRAWAL	5600001	5 000.00		496 079 78
3 7	CASH WITHDRAWAL	5600001	210.08		496 289.86
16 7	CASH WITHDRAWAL	5600001	2 500.00		498 789.86
19 7	CASH WITHDRAWAL	5600001	7 000.00		505 789.86
17 9	CASH WITHDRAWAL	5600001	10 000.00		
17 9	CASH WITHDRAWAL. MASOUDI	5600001	2 000.00		517 789 86
23 10	CASH WITHDRAWAL	5600001	9 000.00		526 789.86
12 11	CASH WITHDRAWAL	5600001	7 000 00		533 789.86
17 12	PROFIT DISTRIBUTION PHASE IV	5600001	100 800.00		634 589.86
86					
13 2	CHQ TO A. GREEN	5600001	35 000.00		669 589.86
26 2	TRANSFER TO SHARP GREEN & LANK FO	5600001	1 670.50		671 260.36
18 4	CSF REIMBT KHALID RASHID	5600001		31 817.00	639 443.36
28 4	CSF CHQ RVS	5600001	28 111 00		667 554.36
20 5	CSF RVS	5600001	26 490.00		694 044.36
3 6	TR TO CSF INV. RE KOREL	5600001	79 167.00		773 211.36
20 6	TR TO DEFEX	5600001	11 183 00		784 394 36
1 7	5000 DM CHQ	5600001	2 305.32		786 699.68
2 7	RBT CHQ BUCHINGER PAT.	5600001		2 305.31	784 394.37
27 8	TRANSFER FROM DEFEX	5600001	258 398.00		1 042 792.37
	TRANSACT. & BALANCE		1 076 914 68	34 122.31	1 042 792 37

EXHIBIT AH-29B



CREDIT SUISSE CREDITO SVIZZERO
SCHWEIZERISCHE KREDITANSTALT

1 GENEVE EAUX-VIVES
. 022/36 53 80
MAR 86

Unsere/Notre/Nostra/Our REF
ZA 0325-9248-054

[illegible]

GULF MARKETING CONSULTANTS LTD
H 222

IT ADVICE

HAVE DEBITED THE ACCOUNT ON THE RIGHT
PER ORDER OF 24 MAR 86

	US$	31,817.00
ARGES	US$	10.64
25 MAR 86	US$	31,827.64

Konto/Compte/Conto/Acc No
CURRENT ACCOUNT
311225-42-1

Zahlungsgrund/Motif du paiement/Motivo del pagamento/Details of payment

BENEFICIARY
/800-7457-0
KHALID RASHID

TELEX/TELEGRAM TO
ARAB NATIONAL BANK
P.O. BOX 41090

SA-RIYADH - ARAB SAOUD

Hochachtungsvoll/Vos dévoués/Con distinta stima/Yours truly
SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

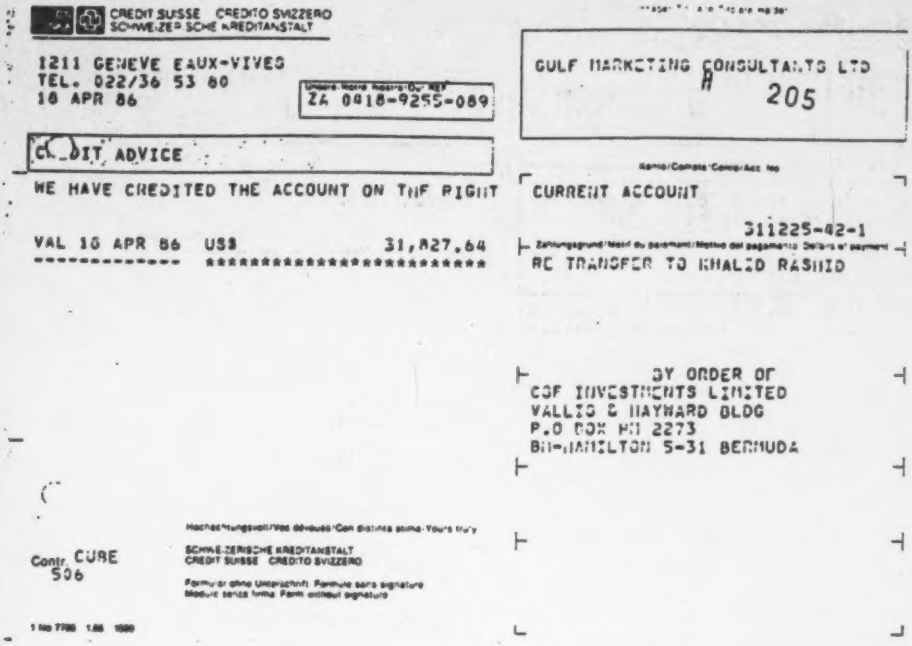
Formular ohne Unterschrift Formule sans signature
Modulo senza firma Form without signature

ontr. DSJO
874

No 7766 1.85 1500

EXHIBIT
AH-29B

EXHIBIT AH-29C



CREDIT SUISSE CREDITO SVIZZERO
SCHWEIZERISCHE KREDITANSTALT

1211 GENEVE EAUX-VIVES
TEL. 022/36 53 80
18 APR 86

Unsere/Notre/Nostro/Our REF
ZA 0418-9255-089

GULF MARKETING CONSULTANTS LTD
A 205

CREDIT ADVICE

WE HAVE CREDITED THE ACCOUNT ON THE RIGHT

Konto/Compte/Conto/Acc No
CURRENT ACCOUNT
311225-42-1

VAL 18 APR 86 US$ 31,827.64
------------- *************************

Zahlungsgrund/Motif du paiement/Motivo del pagamento/Details of payment
RE TRANSFER TO KHALID RASHID

BY ORDER OF
CSF INVESTMENTS LIMITED
VALLIS & HAYWARD BLDG
P.O BOX HM 2273
BM-HAMILTON 5-31 BERMUDA

Hochachtungsvoll/Vos dévoués/Con distinta stima/Yours truly

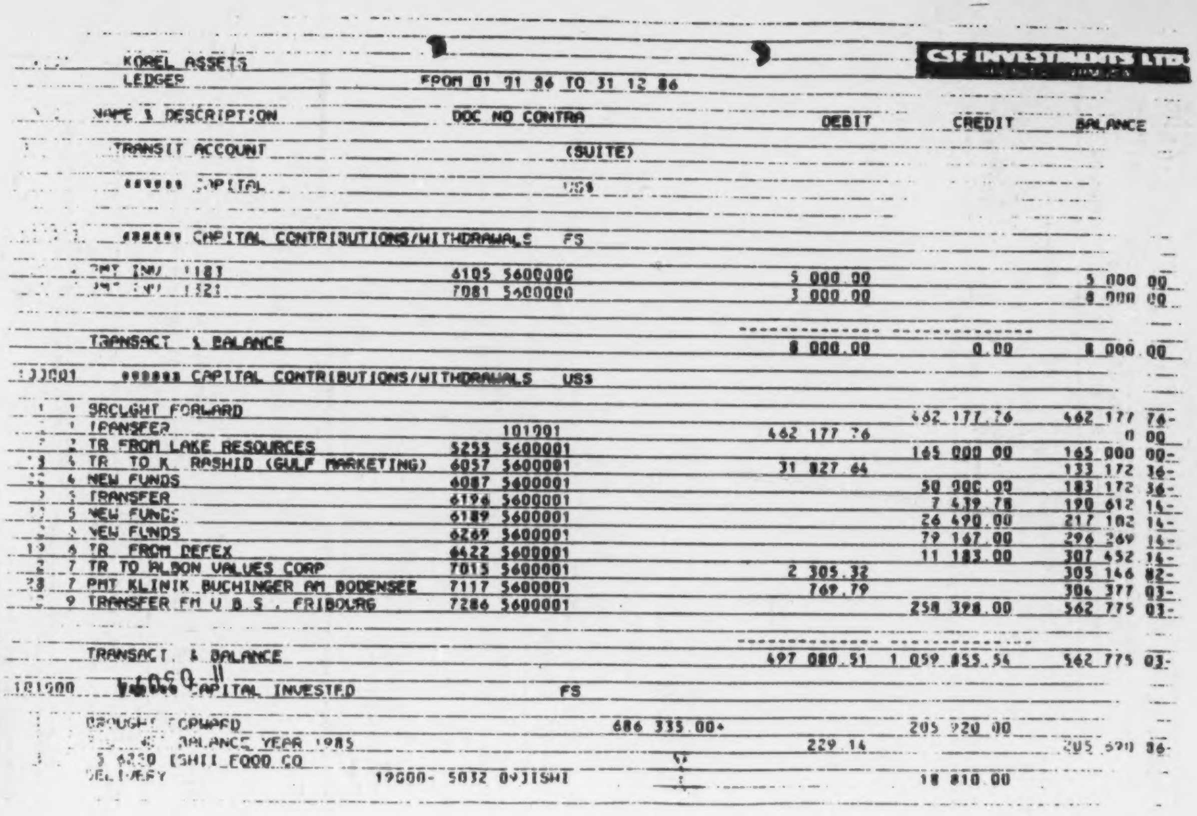
SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

Formular ohne Unterschrift Formule sans signature
Modulo senza firma Form without signature

Contr. CURE
506

EXHIBIT
AH-29C

EXHIBIT AH-29D



```
        KOREL ASSETS                                                                    CSF INVESTMENTS LTD
        LEDGER                        FROM 01 01 86 TO 31 12 86

        NAME & DESCRIPTION            DOC NO CONTRA                    DEBIT          CREDIT         BALANCE

         TRANSIT ACCOUNT                          (SUITE)

         ****** CAPITAL                           US$

         ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS   FS

       PMT INV  1183                  6105 5600000               5 000.00                         5 000 00
       PMT INV  1321                  7081 5600000               3 000.00                         8 000 00
                                                           ---------------- ----------------
        TRANSACT  & BALANCE                                      8 000.00            0.00         8 000.00

101001   ****** CAPITAL CONTRIBUTIONS/WITHDRAWALS   US$

  1   1 BRCLGHT FORWARD                                                       462 177.76       462 177 76-
      1 TRANSFER                         101001                462 177 76                            0 00
      2 TR FROM LAKE RESOURCES        5255 5600001                             165 000 00       165 000 00-
      4 TR  TO K  RASHID (GULF MARKETING) 6057 5600001          31 827.64                        133 172 36-
      4 NEW FUNDS                     6087 5600001                              50 000.00       183 172 36-
      5 TRANSFER                      6196 5600001                               7 439.78       190 612 14-
      5 NEW FUNDS                     6189 5600001                              26 490.00       217 102 14-
      6 NEW FUNDS                     6269 5600001                              79 167.00       296 269 14-
 13   6 TR  FROM DEFEX                6422 5600001                              11 183.00       307 452 14-
  2   7 TR TO ALBON VALUES CORP       7015 5600001              2 305.32                        305 146 82-
 28   7 PMT KLINIK BUCHINGER AM BODENSEE 7117 5600001              769.79                        306 377 03-
      9 TRANSFER FM U B S , FRIBOURG  7286 5600001                             258 398.00       562 775 03-
                                                           ---------------- ----------------
        TRANSACT. & BALANCE                                    497 080.51    1 059 855.54       562 775 03-

101900   ****** CAPITAL INVESTED                  FS

        BROUGHT FORWARD                     686 335.00+                        205 920 00
              BALANCE YEAR 1985                                   229.14                        205 690 86-
      5 6230 ISHII FOOD CO
        DELIVERY               19000- 5032 04JISHI                              18 810.00
```

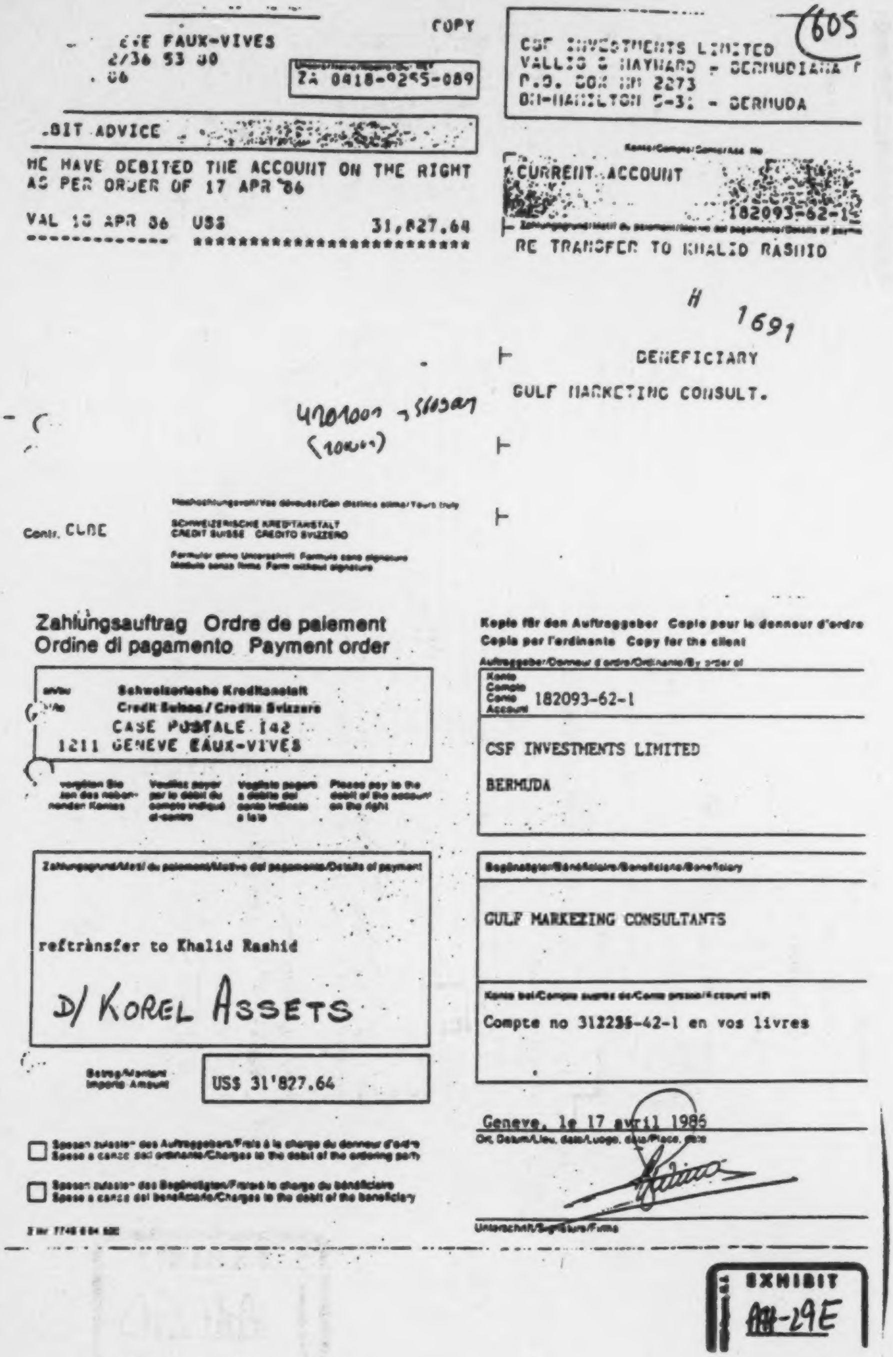
V1050 II

EXHIBIT

AH-29D

PENGAD-Bayonne, N.J.

EXHIBIT AH-29E



COPY

ÈVE FAUX-VIVES
2/36 53 00
. 06

ZA 0418-9255-089

.BIT ADVICE [redacted]

WE HAVE DEBITED THE ACCOUNT ON THE RIGHT
AS PER ORDER OF 17 APR '86

VAL 18 APR 86 US$ 31,827.64
-------------- ****************************

CSF INVESTMENTS LIMITED
VALLIS & HAYWARD - BERMUDIANA F
P.O. BOX HM 2273
BM-HAMILTON 5-31 - BERMUDA

605

Konto/Compte/Conto/Acc. No

CURRENT ACCOUNT [redacted] 182093-62-1

Zahlungsgrund/Motif du paiement/Motivo del pagamento/Details of payment

RE TRANSFER TO KHALID RASHID

H 1691

BENEFICIARY

GULF MARKETING CONSULT.

4201001 → [illegible]
(10[illegible])

Contr. CLBE

Hochachtungsvoll/Vos dévoués/Con distinta stima/Yours truly

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

Formular ohne Unterschrift Formule sans signature
Modulo senza firma Form without signature

Zahlungsauftrag Ordre de paiement
Ordine di pagamento Payment order

an/au
a/to
Schweizerische Kreditanstalt
Credit Suisse / Credito Svizzero
CASE POSTALE 142
1211 GENEVE EAUX-VIVES

Vergüten Sie zulasten des nebenstehenden Kontos / Veuillez payer par le débit du compte indiqué ci-contre / Vogliate pagare a debito del conto indicato a lato / Please pay to the debit of the account on the right

Zahlungsgrund/Motif du paiement/Motivo del pagamento/Details of payment

reftransfer to Khalid Rashid

D/ KOREL ASSETS

Betrag/Montant Importo Amount: US$ 31'827.64

☐ Spesen zulasten des Auftraggebers/Frais à la charge du donneur d'ordre
Spese a carico dell'ordinante/Charges to the debit of the ordering party

☐ Spesen zulasten des Begünstigten/Frais à la charge du bénéficiaire
Spese a carico del beneficiario/Charges to the debit of the beneficiary

Kopie für den Auftraggeber Copie pour le donneur d'ordre
Copia per l'ordinante Copy for the client

Auftraggeber/Donneur d'ordre/Ordinante/By order of

Konto Compte Conto Account 182093-62-1

CSF INVESTMENTS LIMITED

BERMUDA

Begünstigter/Bénéficiaire/Beneficiario/Beneficiary

GULF MARKEZING CONSULTANTS

Konto bei/Compte auprès de/Conto presso/Account with

Compte no 312235-42-1 en vos livres

Geneve, le 17 avril 1986
Ort, Datum/Lieu, date/Luogo, data/Place, date

Unterschrift/Signature/Firma

EXHIBIT
AH-29E

EXHIBIT AH-30

Description of Merchandise	Purchase Cost	Purchase Cost	Selling Price	Selling Price	Profit Margin	[illegible] Profit
1000-81mm Mortar Cartridges	$29.50 ea.	$29,500.00	$48.00 ea.	$48,000.00	$18.50 ea.	$18,500.00
2000 - 60mm Mortar Cartridges	$23.50 ea.	47,000.00	$41.00 ea.	$82,000.00	$17.50 ea.	35,000.00
0000 rds .50 Cal API Ammo	$600.00/m	6,000.00	$1500.00/m	15,000.00	900.00/m	9,000.00
500,000 rds 762×39 Ball Ammo	$112.00/m	56,000.00	175.00/m	87,500.00	63.00/m	31,500.00
498,000 rd 762 x51 Ball Ammo	$100.00/m	49800.00	150.00/m	74700.00	50.00/m	24,900.00
		$188,300.00 US		$307,200.00 US		$118,900.00 US
Prepaid Freight (Lisbon - Guatemala City)				121,835.00		
Prepaid Freight				17,500.00		
Prepaid Insurance (Lisbon-Guatemala City)				1,600.00		
Total Cash Due from Customer				$448,135.00 US		

H 02583

EXHIBIT
AH-30

Exhibit E-3
6-1-87
RBT

Cash Position

Cash due from Customer	$448,135.00
Refund due from Defex - Portugal (Re: short shipment 7.62×51 Ball Ammo; 152,000 rds @ 100.00/m)	15,200.00
Total Cash In	$463335.00 US
① Purchase of Merchandise - Defex - Portugal	$152,500.00
② Prepaid Freight - Southern Air Transport	121835.00
③ Bank Transfer - Foreign Trade Enterprise Romania (includes prepaid freight of $17,500.00)	68,500.00
④ Prepaid Insurance	1,600.00
Total Cash Out	344,435.00
Plus: Profit Margin	118,900.00
	$463,335.00 US

N 02592

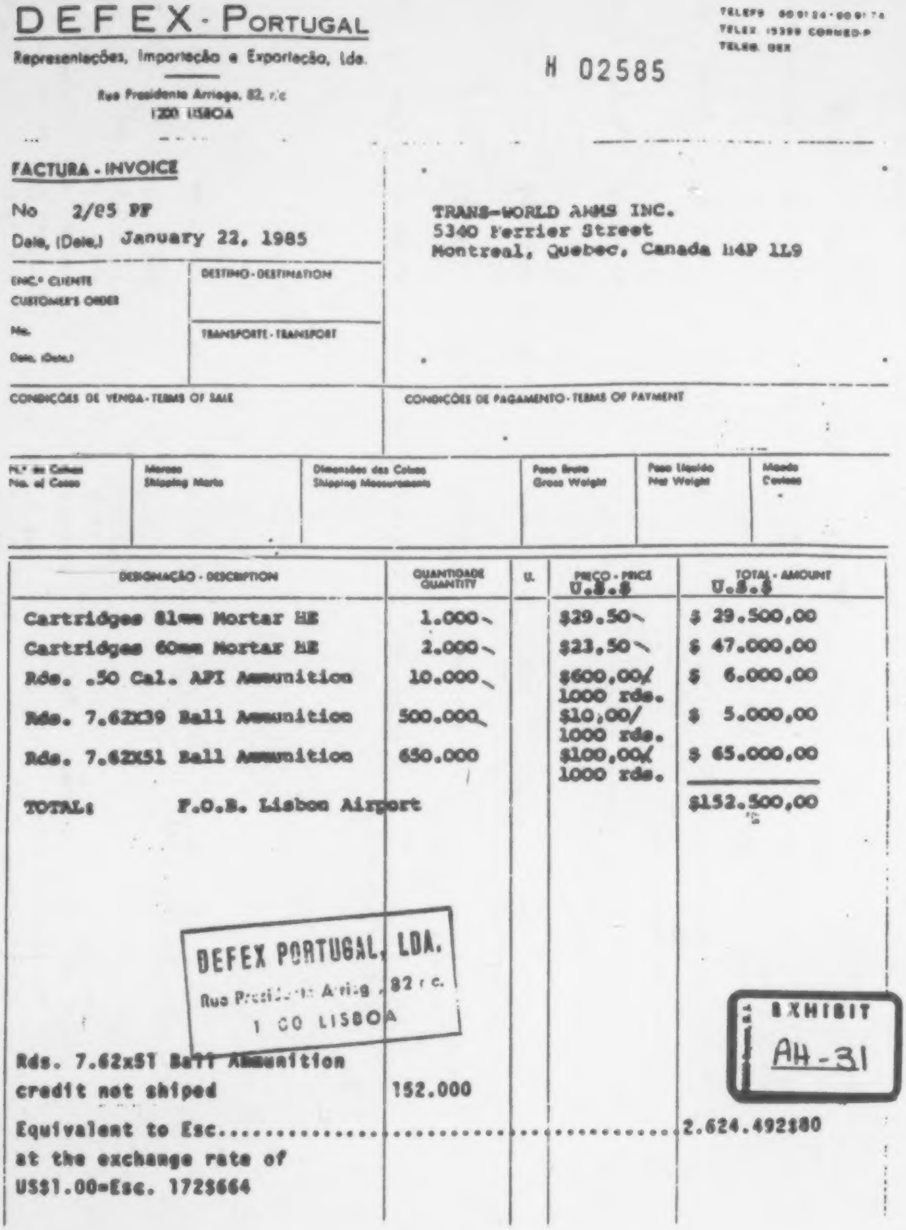
TOTAL PURCHASES

JAN 11 1985 ~~JAN 8 1985~~

	Qty.	Description & Source	Unit $Buying	Total $Buying	Unit $Selling	Total $Selling	Unit $Profit	Total $Profit
1)	1500 pcs.	RPG-7 Rocket Launcher Ammo. (ex Poly-Tech. China)	140.00	210,000.00	265.65	398,475.00	125.65	188,475.
2)	2400,000	rds. 7.62x39 ball ammunition (AK) (ex Poly-Tech. China)	95/m fob	228,000.00	124/m fob	297,600.00	29/m	69,600.
3)	2,700,000	rds. 7.62x51 ball ammo (ex Machimpex, China)	37/m fob China port.	99,900.00	86/m	232,200.00	49/m	132,300.
4)	1000 pcs.	100-rd. Belts for 7.62x39 ball ammo. (ex Poly, China)	12.00	12,000.00	15.00	15,000.00	3.00	3,000.
6)	5 pcs.	SAM-7 Launchers (ex Poly-Tech. China)	4,000.00	20,000.00	5,000.00	25,000.00	1,000.00	5,000.
7)	10 pcs.	SAM-7 Rockets (ex Poly-Tech. China)	32,000.00	320,000.00	45,000.00	450,000.00	13,000.00	130,000.
8)								
9)								
10)	5000 pcs.	40mm. Rifle Grenade (ex Daewoo Corp) Korea	24.50	122,500.00	31.05	155,250.00	6.55	32,750.00
				1012,400.00		1573,525.00		561125.00
		Prepaid freight:		175,000.00		175,000.00		-0-
		SUB-TOTAL:		1187,400.00		1,748,525.00		561,125.00
11)	1,200,000	rds. 7.62x51 ball ammo (ex Machimpex, China)	37/m	44,400.00	75/m	90,000.00 * (Payment Mar./85)	38/m	45,600.00
		GRAND TOTALS:		$ 1231,8[illegible] 0		$ 1,838,525.00		$ 606725.00

Exhibit E-2
6-1-87
RAT

EXHIBIT AH-31



DEFEX · PORTUGAL
Representações, Importação e Exportação, Lda.

Rua Presidente Arriaga, 82, r/c
1200 LISBOA

TELEFS 60 01 24 · 60 01 74
TELEX 15399 CORMEO-P
TELEG. DEX

H 02585

FACTURA - INVOICE

No 2/85 PF

Date, (Date.) January 22, 1985

TRANS-WORLD ARMS INC.
5340 Ferrier Street
Montreal, Quebec, Canada H4P 1L9

ENC.ª CLIENTE
CUSTOMER'S ORDER

No.

Data, (Date.)

DESTINO - DESTINATION

TRANSPORTE - TRANSPORT

CONDIÇÕES DE VENDA - TERMS OF SALE

CONDIÇÕES DE PAGAMENTO - TERMS OF PAYMENT

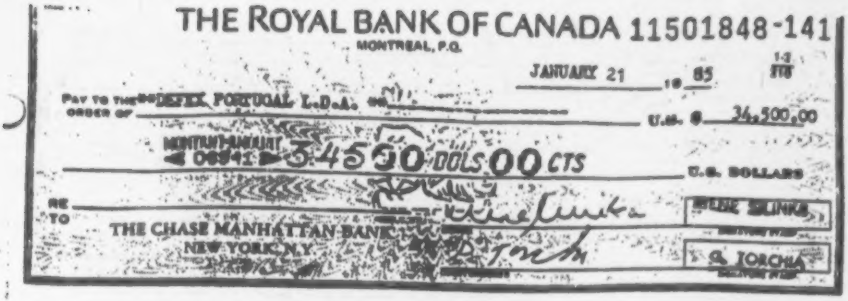
N.º de Caixas No. of Cases	Marcas Shipping Marks	Dimensões das Caixas Shipping Measurements	Peso Bruto Gross Weight	Peso Líquido Net Weight	Moeda Currency

DESIGNAÇÃO - DESCRIPTION	QUANTIDADE QUANTITY	U.	PREÇO - PRICE U.S.$	TOTAL - AMOUNT U.S.$
Cartridges 81mm Mortar HE	1.000		$29.50	$ 29.500,00
Cartridges 60mm Mortar HE	2.000		$23,50	$ 47.000,00
Rds. .50 Cal. API Ammunition	10.000		$600,00/ 1000 rds.	$ 6.000,00
Rds. 7.62X39 Ball Ammunition	500.000		$10,00/ 1000 rds.	$ 5.000,00
Rds. 7.62X51 Ball Ammunition	650.000		$100,00/ 1000 rds.	$ 65.000,00
TOTAL: F.O.B. Lisbon Airport				$152.500,00
Rds. 7.62x51 Ball Ammunition credit not shiped	152.000			

DEFEX PORTUGAL, LDA.
Rua Presidente Arriaga, 82 r c.
1200 LISBOA

Equivalent to Esc. .... 2.624.492$80
at the exchange rate of
US$1.00=Esc. 172$664

EXHIBIT
AH-31



THE ROYAL BANK OF CANADA 11501848-141
MONTREAL, P.Q.

JANUARY 21 19 85 1-2/310

PAY TO THE ORDER OF **DEFEX PORTUGAL L.D.A.** U.S. $ 34,500.00

MONTANT-AMOUNT ◀ 06941 ▶ 34500 DOLS 00 CTS U.S. DOLLARS

RE

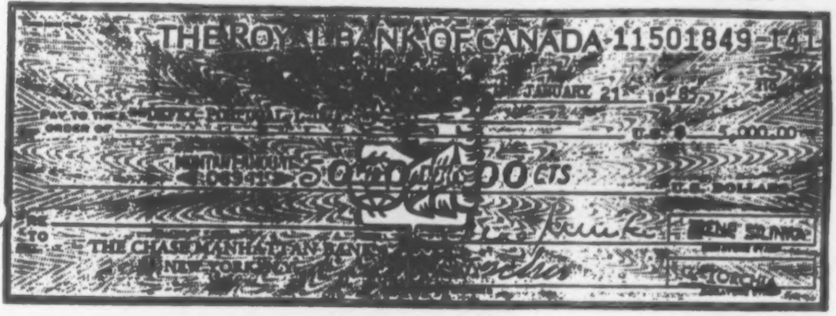
TO THE CHASE MANHATTAN BANK
NEW YORK, N.Y.

IRENE SILINKA

G. TORCHIA

⑈11501848⑈ ⑆021000021⑆ 920-3-000907⑈

H 02586



THE ROYAL BANK OF CANADA 11501849-141

JANUARY 21 19 85

PAY TO THE ORDER OF **DEFEX PORTUGAL** U.S. $ 5,000.00

MONTANT-AMOUNT ◀ 06941 ▶ 5000 DOLS 00 CTS U.S. DOLLARS

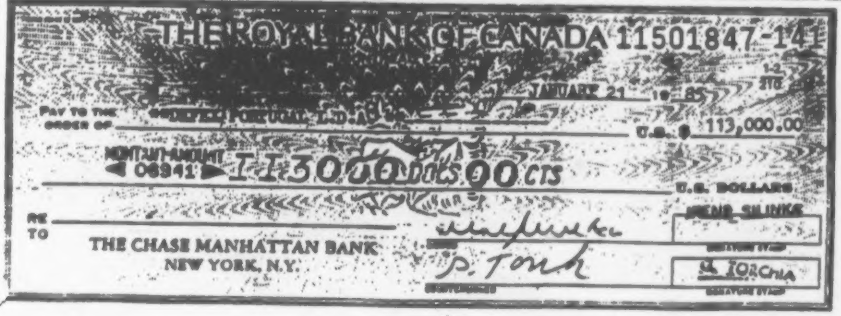
RE

TO THE CHASE MANHATTAN BANK
NEW YORK, N.Y.

IRENE SILINKA

G. TORCHIA

⑈11501849⑈ ⑆021000021⑆ 920-3-000907⑈



THE ROYAL BANK OF CANADA 11501847-141

JANUARY 21 19 85 1-2/310

PAY TO THE ORDER OF **DEFEX PORTUGAL L.D.A.** U.S. $ 113,000.00

MONTANT-AMOUNT ◀ 06941 ▶ 113000 DOLS 00 CTS U.S. DOLLARS

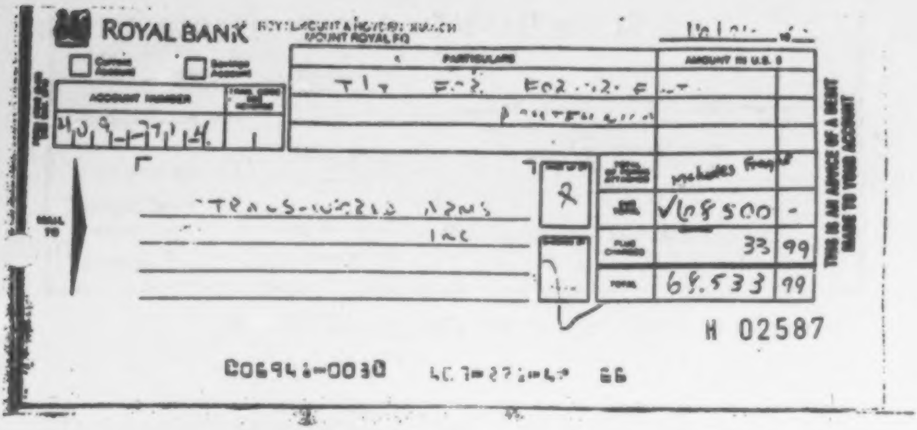
RE

TO THE CHASE MANHATTAN BANK
NEW YORK, N.Y.

IRENE SILINKA

G. TORCHIA

⑈11501847⑈ ⑆021000021⑆ 920-3-000907⑈



ROYAL BANK [illegible] BRANCH
MOUNT ROYAL PQ

☐ Current Account ☐ Savings Account

ACCOUNT NUMBER	[illegible]
[illegible]	

PARTICULARS	AMOUNT IN U.S. $	
TT FOR [illegible]		
[illegible]		

MAIL TO

TRANS-WORLD ARMS
INC

[illegible]	includes freight	
[illegible]	✓68500	-
[illegible] CHARGES	33	99
TOTAL	68.533	99

THIS IS AN ADVICE OF A DEBIT MADE TO YOUR ACCOUNT

H 02587

C06941-0030 [illegible] 66

[redacted]

TRANS-WORLD ARMS, INC.
5340 Ferrier Street.
Montreal, Que., Canada H4P 1L9
Telephone: (514) 731-3621
Telex: 05-24118

January 14, 1985

The Royal Bank of Canada,
Royalmount & Royden Branch,
5415 Royalmount Ave.,
Mount Royal, Que. H4P 1H6

Attention: Mr. Gilles Dorion,
Manager

Dear Sirs:

We kindly request that you arrange the immediate transfer of funds, by Telex, as follows:

AMOUNT: U.S. $68,500.00 (U.S. dollars sixty-eight thousand, five-hundred)

BENEFICIARY:
Foreign Trade Enterprise "Romtehnica"
7 Drumul Taberei Street
Bucharest, Romania

NOTIFY:
The Beneficiary
Atten: Eng. Sorin Raducano

TRANSFER TO BE MADE TO:
The Romania Bank of Foreign Trade
22-24 Victoriel Street
Bucharest, Romania
Atten: Dept. #46, Telex 11703 E Bank R

SPECIAL INSTRUCTIONS: Please state in the Telex transfer:

"This transfer is payment in full covering merchandise and prepaid air freight as stated in Romtehnica's Telexes No. 50, dated January 5, 1985 and No. 12R/305 dated January 8, 1985.

Please debit Trans-World Arms, Inc.'s account for same.

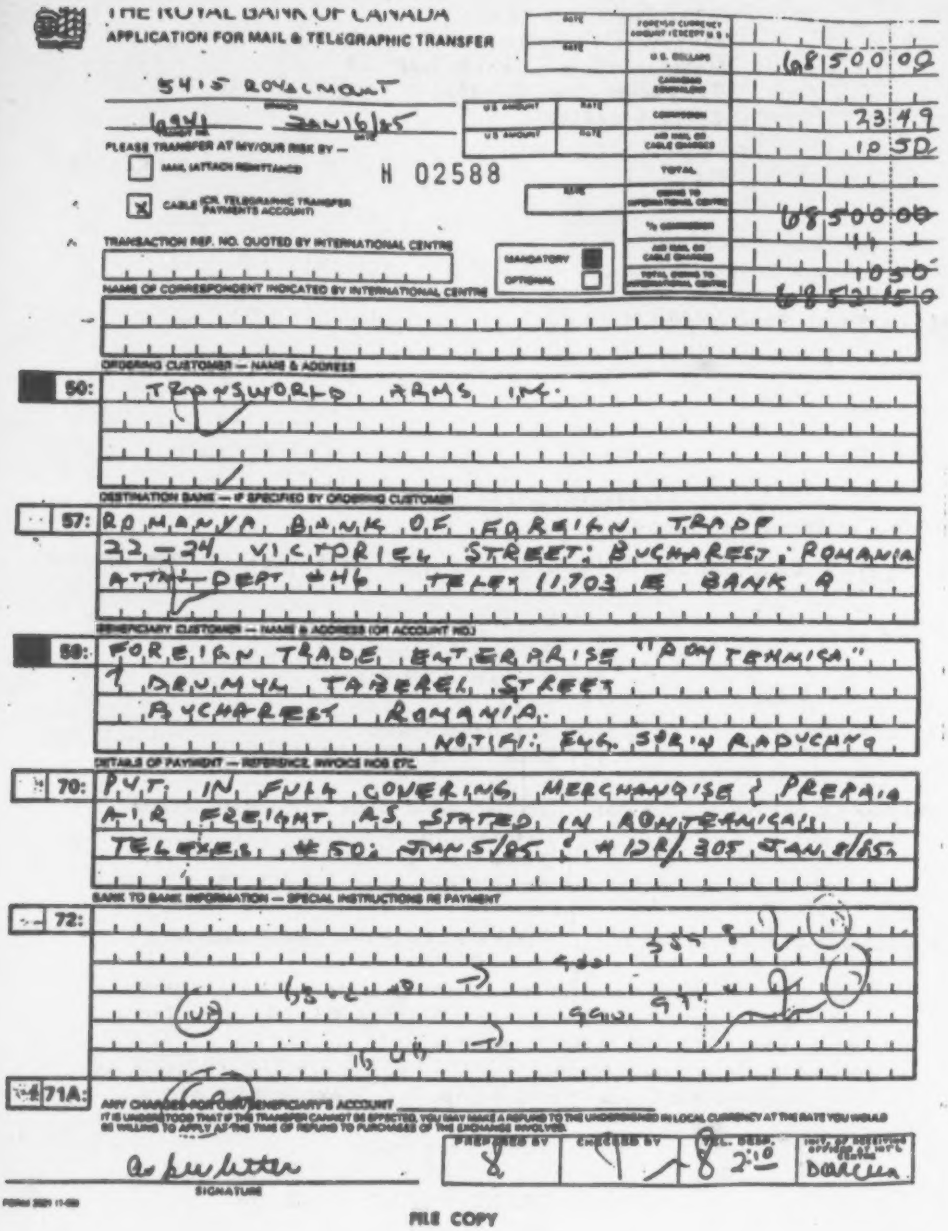
Yours very truly,

TRANS-WORLD ARMS, INC.

E. J. Weigensberg

E. Weigensberg
President

EW/bmw



THE ROYAL BANK OF CANADA
APPLICATION FOR MAIL & TELEGRAPHIC TRANSFER

5415 ROYALMOUNT
BRANCH

6941
TRANSIT NO.

JAN 16/85
DATE

PLEASE TRANSFER AT MY/OUR RISK BY —

☐ MAIL (ATTACH REMITTANCE)

☒ CABLE (OR TELEGRAPHIC TRANSFER PAYMENTS ACCOUNT)

H 02588

RATE	FOREIGN CURRENCY AMOUNT (EXCEPT U.S.)	
RATE	U.S. DOLLARS	68500 00
	CANADIAN EQUIVALENT	
U.S. AMOUNT / RATE	COMMISSION	23 49
U.S. AMOUNT / RATE	AIR MAIL OR CABLE CHARGES	10 50
	TOTAL	
RATE	OWING TO INTERNATIONAL CENTRE	68500 00
	% COMMISSION	14
	AIR MAIL OR CABLE CHARGES	10 50
	TOTAL OWING TO INTERNATIONAL CENTRE	68524 50

TRANSACTION REF. NO. QUOTED BY INTERNATIONAL CENTRE

MANDATORY ■
OPTIONAL ☐

NAME OF CORRESPONDENT INDICATED BY INTERNATIONAL CENTRE

ORDERING CUSTOMER — NAME & ADDRESS

50: TRANSWORLD ARMS, INC.

DESTINATION BANK — IF SPECIFIED BY ORDERING CUSTOMER

57: ROMANYA BANK OF FOREIGN TRADE
22-24 VICTORIEI STREET; BUCHAREST; ROMANIA
ATTN: DEPT #46 TELEX 11,703 E BANK R

BENEFICIARY CUSTOMER — NAME & ADDRESS (OR ACCOUNT NO.)

59: FOREIGN TRADE ENTERPRISE "ROMTEHNICA"
7 DRUMUL TABEREI STREET
BUCHAREST ROMANIA.
NOTIFY: ENG. SORIN RADUCANU

DETAILS OF PAYMENT — REFERENCE, INVOICE NOS ETC.

70: PMT. IN FULL COVERING MERCHANDISE & PREPAID AIR FREIGHT AS STATED IN ROMTEHNICA'S TELEXES #50: JAN 5/85 & #12R/305 JAN 8/85.

BANK TO BANK INFORMATION — SPECIAL INSTRUCTIONS RE PAYMENT

72:
555 8
400
1UP
9910 97
1640

71A: ANY CHARGES FOR OUR/BENEFICIARY'S ACCOUNT

IT IS UNDERSTOOD THAT IF THE TRANSFER CANNOT BE EFFECTED, YOU MAY MAKE A REFUND TO THE UNDERSIGNED IN LOCAL CURRENCY AT THE RATE YOU WOULD BE WILLING TO APPLY AT THE TIME OF REFUND TO PURCHASE OF THE EXCHANGE INVOLVED.

PREPARED BY	CHECKED BY	TEL. DESP.	INIT. OF RECEIVING OFFICER AT INT'L CENTRE
8		8 2:10	DBarclea

As per letter
SIGNATURE

FORM 2021

FILE COPY

THE ROYAL BANK OF CANADA
APPLICATION FOR MAIL & TELEGRAPHIC TRANSFER

54.5 [illegible]

V9011
ACCOUNT NO.

BRANCH

13/Jan/85
DATE

PLEASE TRANSFER AT MY/OUR RISK BY —

☐ MAIL

☒ CABLE

H 02589

U.S. AMOUNT	RATE	RATE	FOREIGN CURRENCY AMOUNT (EXCEPT U.S.)	
U.S. AMOUNT	RATE	DATE	U.S. DOLLARS	121 835
			CANADIAN EQUIVALENT	
			COMMISSION	32
			AIR MAIL OR CABLE CHARGES	7
			TOTAL	121 874

ORDERING CUSTOMER — NAME & ADDRESS

TRANSWORLD ARMS, INC.

DESTINATION BANK — IF SPECIFIED BY ORDERING CUSTOMER

B.C.C. [illegible] CENTRAL
777 BRICKELL AVE STE 908
MIAMI FLA

BENEFICIARY CUSTOMER — NAME & ADDRESS (OR ACCOUNT NO.)

SOUTHERN AIR TRANSPORT INC
3509 NORTH WEST 64 AVE BLDG 1034
MIAMI FLA

DETAILS OF PAYMENT — REFERENCE, INVOICE NOS ETC.

[illegible] MR THOMAS [illegible]
@ 305 7536 [illegible]

BANK TO BANK INFORMATION — SPECIAL INSTRUCTIONS RE PAYMENT

[illegible] PREPAID AIR FREIGHT

ANY CHARGES FOR OUR/BENEFICIARY'S ACCOUNT ______

IT IS UNDERSTOOD THAT IF THE TRANSFER CANNOT BE EFFECTED, YOU MAY MAKE A REFUND TO THE UNDERSIGNED IN LOCAL CURRENCY AT THE RATE YOU WOULD BE WILLING TO APPLY AT THE TIME OF REFUND TO PURCHASES OF THE EXCHANGE INVOLVED.

as per [illegible]
SIGNATURE

13 - [illegible]

FORM [illegible]

CUSTOMER'S COPY

SOUTHERN AIR

Southern Air Transport, Inc. • P.O. Box 52-4093 • Miami, FL 33152 • (305) 526-5988 • Toll Free (800) 327-6456

Contract No.__________

AGREEMENT OF AIRCRAFT CHARTER

CONSIGNEE Charge ☐
Name
Trans World Arms, Inc
Street Addresses
5340 Ferrier Street
City/State/Country/Zip Code
Montreal, Quebec H4P 1L9

AGENT Charge ☐
Name
[redacted]
Street Addresses
[redacted]
City/State/Country/Zip Code
[redacted]

CHARTERER Charge ☐
Name Trans World Arms, Inc
[redacted]
Street Address 5340 Ferrier Street
[redacted]
City/State/Country/Zip Code Montreal, Quebec H4P 1L9
[redacted]

Aircraft Type DC-8-63

Payload 95,000 lbs Kg./lb. or ________ Cu. M/Ft.

Actual payload shall be limited to either weight or volume and is approximate only and not guaranteed. Operating conditions may result in increase or decrease in weight limit.

DATE TO START	AIRPORT OF DEPARTATION	AIRPORT OF DESTINATION	INTERMEDIATE TRAFFIC/ENTRY PORT
1-22-85	Lisbon	Guatemala City	Azores

Southern Air Transport, Inc. ("Carrier") will charter to the Charterer and Charterer agrees to charter from Carrier the aircraft described above and for the flight, itinerary, service or period, and upon the terms, conditions and statements set forth herein and on the back hereof.

OTHER CONDITIONS:

CARGO DESCRIPTION:
Commodity: Class "C" Explosives
Weight: 95,000 LBS Volume:________
No. of Pieces:________
Dimensions:________
DECLARED VALUE: $ [redacted] $29,500.
See reverse side for limitations on value and liability.

CHARGES:

Charter Price	U.S.$ 121,835.
Load/Unload	U.S.$
Excess Value	U.S.$
Other Charges	U.S.$
	U.S.$
TOTAL	U.S.$ 121,835.

DEMURRAGE: AFTER FIRST ___ HOURS; $_____ PER HOUR
See reverse side for Cancellation Charges and Demurrage.

Executed on 1-15-85 at ________. Having first read all of the terms, conditions and statements herein and on the reverse side hereof, the parties have caused this Agreement to be executed by their duly authorized agents.

Charterer: SIGNATURE ________
NAME ________
TITLE ________

SOUTHERN AIR SIGNATURE ________
NAME Asa C. Hemperley
TITLE Director Sales & Service

CARRIER COPY / CHARTERER COPY / AGENT COPY / ACCOUNTING COPY

*/
CENTARMS MTL

ASSURANCE MTL

JAN 21 1985

TELEX IN

MONTREAL QUEBEC JANUARY 21, 1985 9:55AM

TRANSWORLD ARMS

ATTENTION: MR. M. WEIGENSBERG

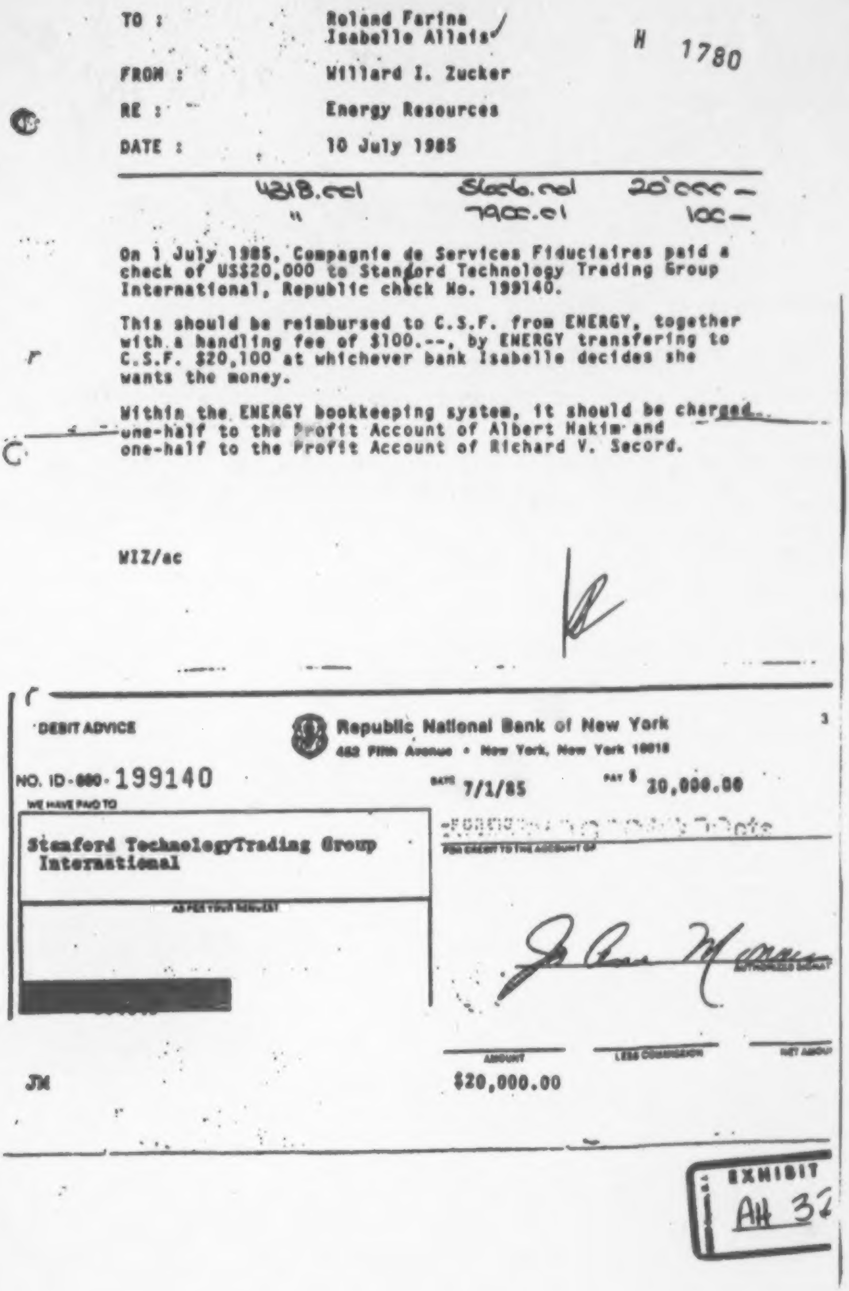
REFERENCE OUR RECENT TELEPHONE CONVERSATIONS WISH TO ADVISE WE HAVE BOUND WITH AMERICAN HOME ASSURANCE COMPANY SHIPMENT OF SMALL ARMS AND AMMUNITION CLASS C MORTAR SHELLS CLASS A INSURED VALUE DLRS 475,000 FROM LISBON PORTUGAL TO GUATEMALA CITY VIA SOUTHERN AIR TRANSPORT ON/ABOUT JANUARY 23RD STOP COVERAGE ALL RISKS AS PER INSTITUE AIR CARGO CLAUSES ALL RISKS INCLUDING WAR STRIKES RIOTS AND CIVIL COMMOTIONS STOP COVERAGE APPLIES AIRPORT TO AIRPORT ONLY PREMIUM 1,600.00 INSURANCE IN NAME OF TRANSWORLD ARMS WITH LOSS PAYABLE TO SAME OR ORDER STOP INSURANCE CERTIFICATE WILL FOLLOW SHORTLY

BRIAND/SEDGWICK ALEXANDER INC.

*/
CENTARMS MTL

ASSURANCE MTL
D

EXHIBIT AH-32



TO : Roland Farina
Isabelle Allais

H 1780

FROM : Willard I. Zucker

RE : Energy Resources

DATE : 10 July 1985

4218.001 5606.001 20'000.–
" 7900.01 100.–

On 1 July 1985, Compagnie de Services Fiduciaires paid a check of US$20,000 to Stanford Technology Trading Group International, Republic check No. 199140.

This should be reimbursed to C.S.F. from ENERGY, together with a handling fee of $100.--, by ENERGY transfering to C.S.F. $20,100 at whichever bank Isabelle decides she wants the money.

Within the ENERGY bookkeeping system, it should be charged one-half to the Profit Account of Albert Hakim and one-half to the Profit Account of Richard V. Secord.

WIZ/ac

DEBIT ADVICE

Republic National Bank of New York
452 Fifth Avenue • New York, New York 10018

3

NO. ID-000-199140

DATE 7/1/85

PAY $ 20,000.00

WE HAVE PAID TO

Stanford TechnologyTrading Group
International

[illegible]
FOR CREDIT TO THE ACCOUNT OF

AS PER YOUR REQUEST

[redacted]

Jo Ann M

AUTHORIZED SIGNATURE

JM

AMOUNT	LESS COMMISSION	NET AMOU
$20,000.00		

EXHIBIT
AH 32

EXHIBIT AH-33

[illegible] AMERICAN + [illegible] roject -

2 PHASES

SC 053

PHASE 1 - 4000 AIMS Before Govt DeadLine

PHASE2 - Relocation of Plant.

* PHASE ONE CAN'T Complete Unless phase 2 happens ~~but~~

THESE GUNS will Be Special Ltd Additions: (Trophy GUNS)

Selling Price per Unit - $1800 x 4000 = $7.200.000

Cost per Unit $250 x 4000 $1,000.000

Margin - $6,200,000

PAY BACK (Money USR) $200,000

6,000,000

30% To American Arms 1,800,000

Don, Reuben D, Larry

4,200,000

EXHIBIT

AH 33

Assignments -

Don - Hold American Arms in line and negotiate phase I + II

SC 054

Dick - Capital

Larry - Get the extra 2000 Receivers made - before the deadline -

---

Objectives of phase II

A) Our group gets World Wide Marketing Rights -

B) Stock in American Arms' Obtained thru Relocation Deal.

C) Laser Built of Shore -

D) We Control all Marketing:
Lic Plants:

② Projection of SALes 1st yeAR =
* No Domestic SALes projecteD

1000-1500 - Saudi & Gulf States

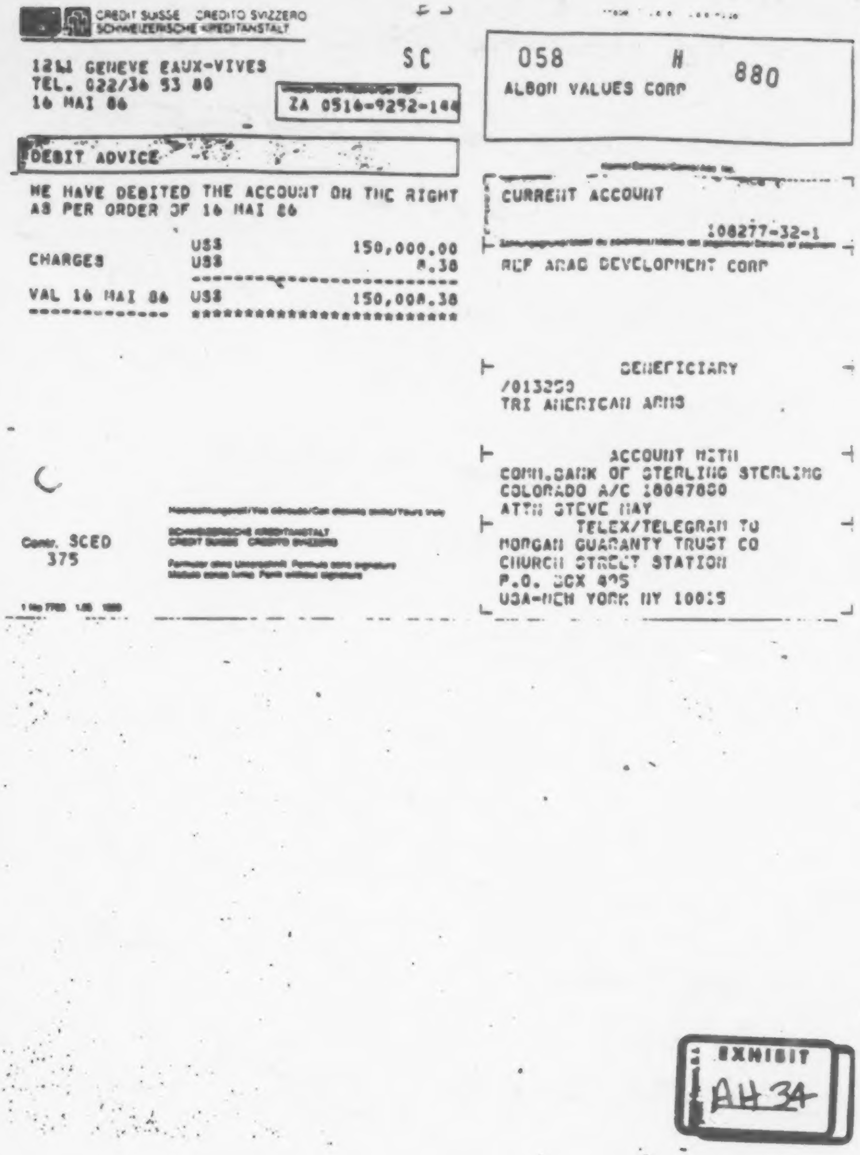
4000 Contra SC 055

25% Commission based on $1000
per Unit. $1,375,000
* This is [redacted] the efforts
of StanforD Tech.

Questions:
Offshore Corp - TAX Advantages.
New Market Company.
Don - Larry - Rich. - AlBert.

What other items CAN we effectively
Market?
([redacted]) John Deere Eq. Complete Plants.
AttacK Phillipines

EXHIBIT AH-34



CREDIT SUISSE CREDITO SVIZZERO
SCHWEIZERISCHE KREDITANSTALT

SC

1211 GENEVE EAUX-VIVES
TEL. 022/36 53 80
16 MAI 86

ZA 0516-9252-144

DEBIT ADVICE

WE HAVE DEBITED THE ACCOUNT ON THE RIGHT
AS PER ORDER OF 16 MAI 86

	US$	150,000.00
CHARGES	US$	8.38
VAL 16 MAI 86	US$	150,008.38

058 H 880
ALBON VALUES CORP

CURRENT ACCOUNT
108277-32-1

REF ARAB DEVELOPMENT CORP

BENEFICIARY
/013250
TRI AMERICAN ARMS

ACCOUNT WITH
COMM.BANK OF STERLING STERLING
COLORADO A/C 18047880
ATTN STEVE MAY

TELEX/TELEGRAM TO
MORGAN GUARANTY TRUST CO
CHURCH STREET STATION
P.O. BOX 495
USA-NEW YORK NY 10015

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

Contr. SCED
375

EXHIBIT
AH-34

EXHIBIT AH-35

MEMORANDUM

SC 056

Through the plan outlined below, STTGI should be able, with the participation of its Middle Eastern and Far Eastern business associates and clients, to generate new income and assets for the company.

Arab Development Corp., when entered into an understanding with STTGI, tasked STTGI to help them to invest in the United States.

Out of all the projects that STTGI has investigated, the following four projects should be given the first priority. More importantly, STTGI should come up with plans that would make available to STTGI stock in the companies related to these four projects.

1) Project A. American Arms, Inc., owns and manufactures the American 180 Weapon System, the Laser-Lok Sight, the Security Briefcase and several related products. Through its subsidiary, American Research Development Co., Inc., it has developed "the Quad Mount 180 Weapon System" for various Military and Security uses.

2) Project B. Ceretech International, Inc., is the licensee from the owner of certain technology, generally characterized as "A Process for Producing Human Grade Distiller's Dried Grains with Solubles" which is covered by Patent Rights of the owner. The licensee has obtained certain rights from the owner for the commercial development, use and sale of the invention.

3) Project C. TRI Red Cedar Associates, Inc. is a joint venture with AMPAC Trading Co. LTD, Ed Herrman, to purchase 42,000 acres of woodland in the state of Washington from the Federal Land Bank. The wood on said acres will be harvested and sold as per agreements between the joint venture.

4) Project D. Bio-Fine Pharmaceutical Inc., has been established to produce opium derivative pharmaceutical materials for sale to ethical pharmaceutical manufacturers. This industry segment is one into which entry is regulated by the United States Drug Enforcement Administration. Upon approval of a license from the U. S. Drug Enforcement Agency, Bio-Fine will begin construction of a State of the Art processing facility in the North Las Vegas, Nevada area.

EXHIBIT
AH35

SC 057

To achieve our objectives, it is recommended that STTGI should form a holding company with participation of its associates who helped in locating and investigating the above projects.

For each project, a wholly-owned subsidiary should be formed and these four subsidiaries will be tasked to handle all activities related to the specific projects on behalf of the holding company. STTGI should have the major role in accomplishing the following:

1. Have CSF evaluate these projects and submit its independent opinion.

2. With the help of CSF and Patton, Boggs and Blow, evaluate and form the holding company as well as the four subsidiaries.

3. Reorganize the current structure of STTGI so it would have the facilities to administrate the holding company at its current location.

4. Speed up the expansion of STTGI's marketing network as well as completing its brochure.

5. Help to prepare the business plan for the subsidiary companies to include the business plan of the operating companies.

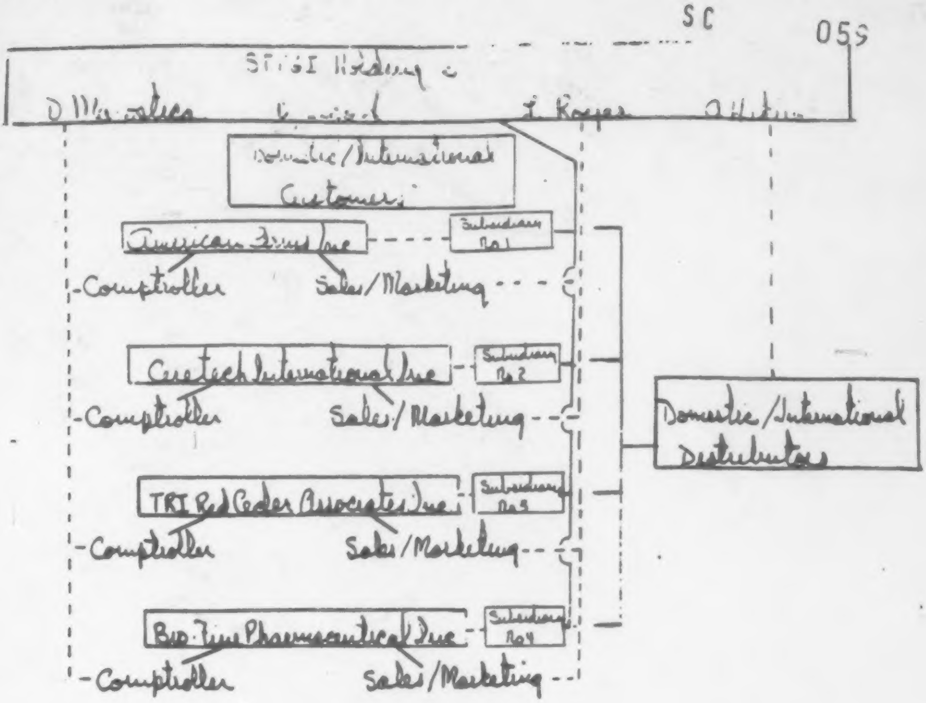
6. Recruit comptrollers for each subsidiary company. These comptrollers will report to the CEO of the operating companies as well as the holding company.

7. Compile the information gathered as a result of Step 5 above and prepare a business plan for the holding company.

8. Formalize the functions of the principals of the holding company in the following manner: Don Marostica will interface on behalf of the holding company with the comptrollers of the operating companies. Larry Royer will liaison between the operating companies and STTGI marketing team. Richard Secord will be responsible for the lobbying end of the marketing. Albert Hakim will be responsible for establishment and supervision of the distributors (domestic and international).

cc: D. Marostica　　A. Hakim
　　L. Royer　　B. Zucker
　　R. Secord　　S. Martin

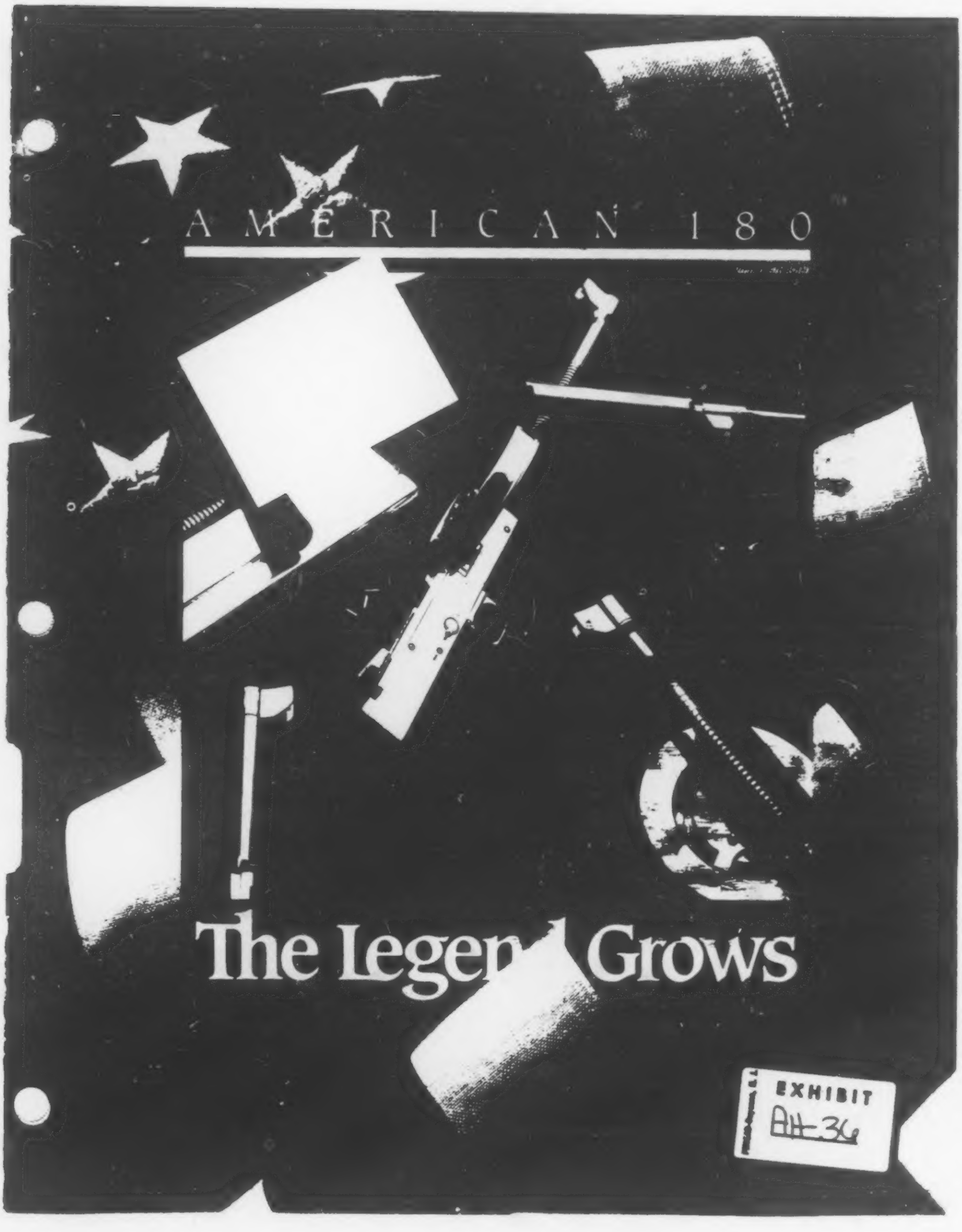
#4

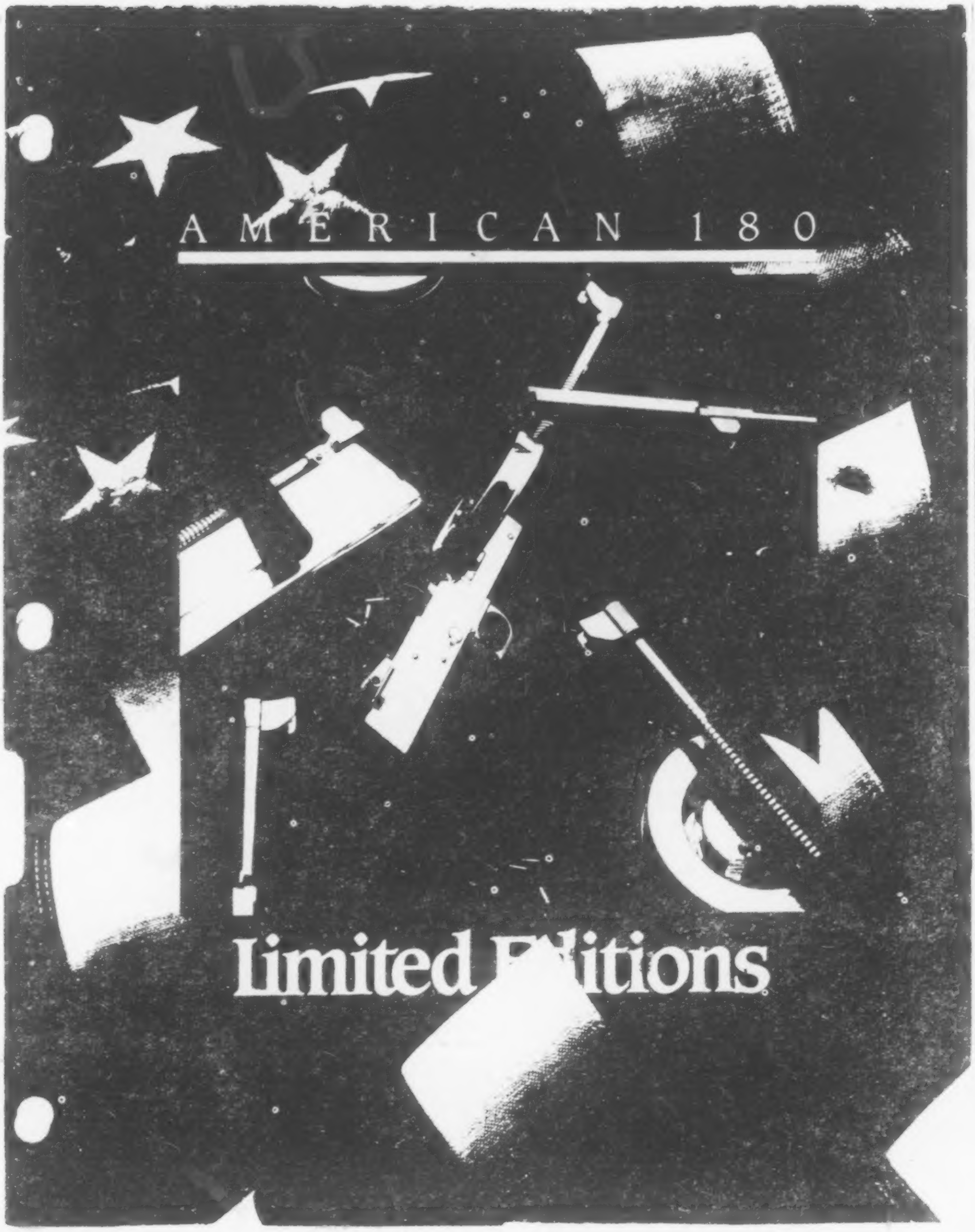

SC
05S
STI&I Holding Co
I. Rogers
Domestic/International Customers
American Drug Inc
Subsidiary No 1
Comptroller
Sales/Marketing
Curetech International Inc
Subsidiary No 2
Comptroller
Sales/Marketing
TRI Red Cedar Associates Inc
Subsidiary No 3
Comptroller
Sales/Marketing
Bio-Tine Pharmaceutical Inc
Subsidiary No 4
Comptroller
Sales/Marketing
Domestic/International Distributors

Thursday 17 July PM
Albert and Bob gave me this outline
in washington DC

EXHIBIT
~~A# 35~~
~~A-18~~

EXHIBIT AH–36


AMERICAN 180
The Legend Grows
EXHIBIT
AH-36

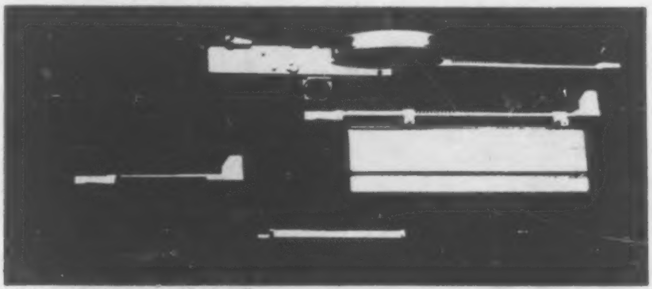

AMERICAN 180
Limited Editions

AMERICAN 180

Those who know firearms agree: the American 180 has re-written gun history. No other hand-held weapon in the world delivers more lead on target than the 180. Little wonder this finely crafted American-made weapon is sought after by law enforcement agencies, governments, and military organizations throughout the world.

Now this unique firearm is being made available in three limited edition versions. These weapons will carry the lowest serial numbers of the American 180 rifles; giving them great value as collectors' items.

These limited edition weapons are available in three finishes: gold, chrome/stainless steel, and a premium bluing. All weapons feature the finest walnut stocks and serially numbered parts, shipped in a hand crafted case. All weapons are hand assembled and finished. A short barrel, Laser-Lok sight finished to match the weapon permanently mounted on an extra barrel, and a highly effective silencer are optional.

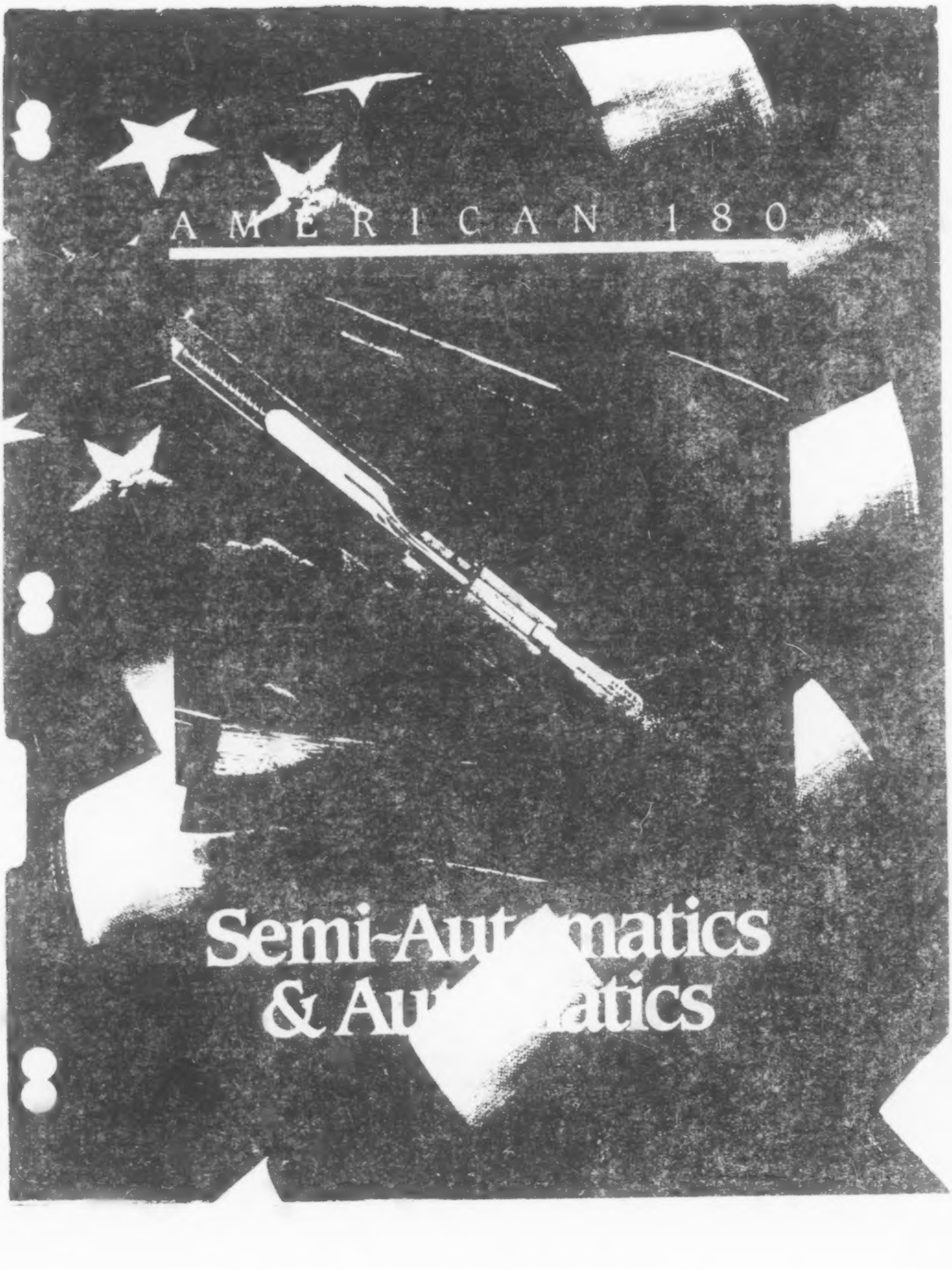


M-2 Limited Edition (Gold Plated)

M-2 Limited Edition (Chrome)

M-2 Limited Edition (High Gloss Blue)

SPECIFICATIONS	AMERICAN 180 M-2	AMERICAN 180 M-1
Length	35¼"/18" short	36½"
Weight (with magazine loaded)	10 lbs./9 lbs. short	10 lbs
Magazine Capacity	177 Rounds	177 Rounds
Caliber	.22	.22
Sight Radius	23½"	23½"
Rate of Fire (automatic)	1800 +	— — —
Firing Modes	Semi or Full Auto	Semi-Auto


AMERICAN 180
Semi-Automatics
& Automatics

AMERICAN 180

The American 180 is available in semi-auto or selective fire models. The automatic rifle fires over 1800 rounds per minute, thirty rounds per second. Because it uses .22 caliber long rifle ammunition, recoil, barrel climb, and body rotation are minimal, making it an extremely accurate and controllable weapon. With very little practice, the entire 177 rounds in the drum magazine can be placed in a three-inch circle at twenty yards . . . all in six seconds. It can even be fired on full automatic with one hand, and still produce accurate, controlled firepower.

The American 180 is a dependable weapon, having been successfully tested under the most grueling conditions. Cold, heat, sand, humidity, rain, snow, and ice have failed to stop it. In firing thousands of consecutive rounds, there has not been a single malfunction. Efficient and simple in design, it can be completely disassembled and reassembled without tools in less than a minute.

In-field use by law enforcement agencies around the world has shown the many tactical applications of the weapon. In the semi-automatic mode it can be used as a rifle for long range accuracy.

As an automatic weapon it can deliver accurate bursts or a screen of lead over the same distances. With the stock removed it can be concealed and handled with one hand. It has proven extremely effective in counter sniper use, stakeouts, high speed chases, road blocks, prison control, and street and alley situations. Wherever accurate, controlled firepower is needed, the American 180 performs flawlessly.

American 180 M-2 (Selected Fire)

American 180 M-1 (Semi-Auto)

SPECIFICATIONS	**AMERICAN 180 M-2**	**AMERICAN 180 M-1**
Length	35¼"/18" short	36½"
Weight (with magazine loaded)	10 lbs./9 lbs. short	10 lbs.
Magazine Capacity	177 Rounds	177 Rounds
Caliber	.22	.22
Sight Radius	23½"	23½"
Rate of Fire (automatic)	1800 +	— — —
Trigger Pull	5 lbs. approx.	5 lbs. approx.
Firing Modes	Semi or Full Auto	Semi-Auto
Optional Accessories		
Laser Lok Sights	Models SC100, SD300, ST500	Models SC100, SD300, ST500
Barrels	13" or 9"	13" or 9"
Silencer	Model 180-22	Model 180-22
Magazine Carrier	Holds Two Magazines	Holds Two Magazines
Cleaning Kits	In Plastic Case	In Plastic Case
Slings	Webbing or Leather	Webbing or Leather
Carrying Cases	Plastic or Aluminum	Plastic or Aluminum

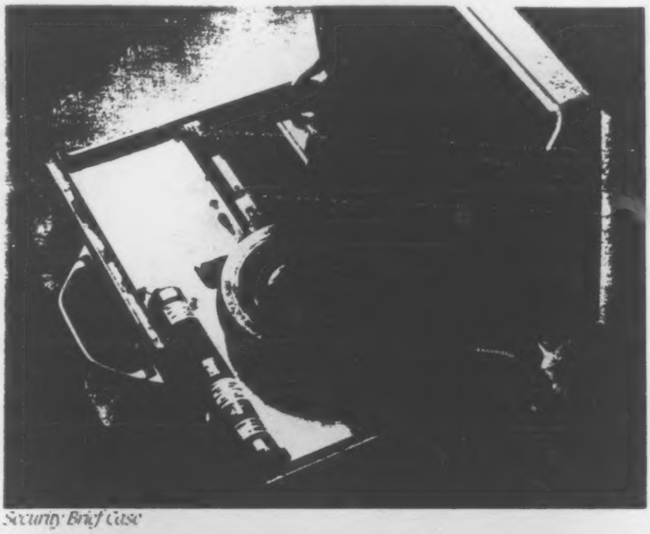
AMERICAN 180

The American Eagle is the magnum version of the American 180. Substantially more powerful, it uses a larger, fully metal jacketed bullet that provides greatly increased velocity and impact. A specially manufactured bullet has substantially greater range and impact than regular .22 long rifle ammunition. Designed primarily for military use, the semi-automatic model can also be used by sportsmen with hollow point ammunition.

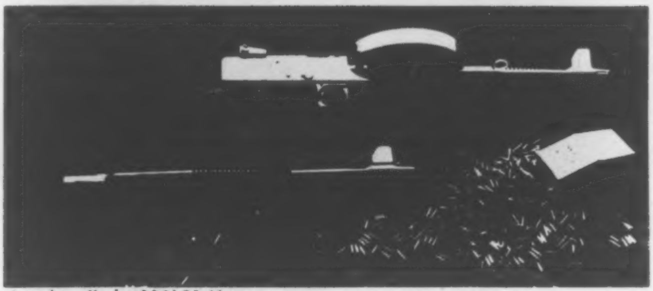
The security briefcase contains the American 180 M-2 rifle and, as options, the Laser-Lok sight and the silencer. This high quality briefcase is reinforced to provide durability through many years of demanding use. After releasing the electronic combination safety, the Laser-Lok sight and the weapon are remotely operated through the use of two well concealed switches in the handle. The first switch activates the laser and releases the secondary safety; the second switch fires the weapon. The optional silencer reduces the noise level substantially.

The briefcase can be fired with extreme accuracy due to the controllability of the American 180 and the precise aiming allowed by the Laser-Lok sight. Up to 177 rounds may be fired in as little as six seconds with total control and accuracy.

This item has broad application in many law enforcement and military functions, including: narcotics enforcement, anti-terrorist functions, under-cover activities, anti-kidnapping programs, VIP security and executive protection services.



Security Brief Case



American Eagle 180 M-22 Magnum

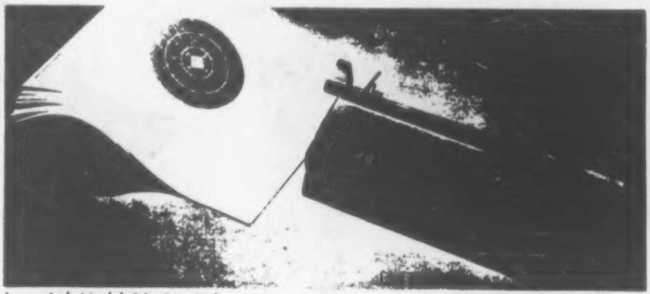
SPECIFICATIONS	AMERICAN 180 M-22	AMERICAN 180 M-21
Length	36½"	36½"
Weight (with magazine loaded)	9½ lbs.	9½ lbs
Magazine Capacity	177 Rounds	177 Rounds
Caliber	.224	.224
Sight Radius	25¼"	25¼"
Rate of Fire (automatic)	1800 +	— — —
Velocity at Muzzle	1500 +	1500 +
Firing Modes	Semi or Full Auto	Semi - Auto
Optional Accessories		
Laser Lok Sights	Models SC100, SD300, ST500	Models SC100, SD300 ST500
Barrels	13" or 9"	13" or 9"
Silencer	Model 180-22	Model 180-22
Magazine Carrier	Holds Two Magazines	Holds Two Magazines
Cleaning Kits	In Plastic Case	In Plastic Case
Slings	Webbing or Leather	Webbing or Leather

AMERICAN 180

The Laser-Lok sight is the most advanced sighting device in the history of hand-held weaponry. The helium-neon gas laser emits an intense straight beam of invisible light that causes a highly visible red dot on the target. Where the red dot appears, the bullet will strike! Forget about "sight picture"—just put the laser dot where you want the bullets to go. Fire one-handed, from the hip, overhead . . . all you have to see is the Laser-Lok dot to be dead-on target. This device allows extreme accuracy at night or in dim light situations.

Law enforcement officers who have used the Laser-Lok report that the red dot is a strong deterrent when the adversary sees it on his body. Armed adversaries have immediately dropped their weapons and surrendered when the red dot indicated the imminence of an on-target hit.

The unit is sealed and protected from rain or humidity. The rechargeable heavy-duty battery provides approximately two hours of continuous burn time.

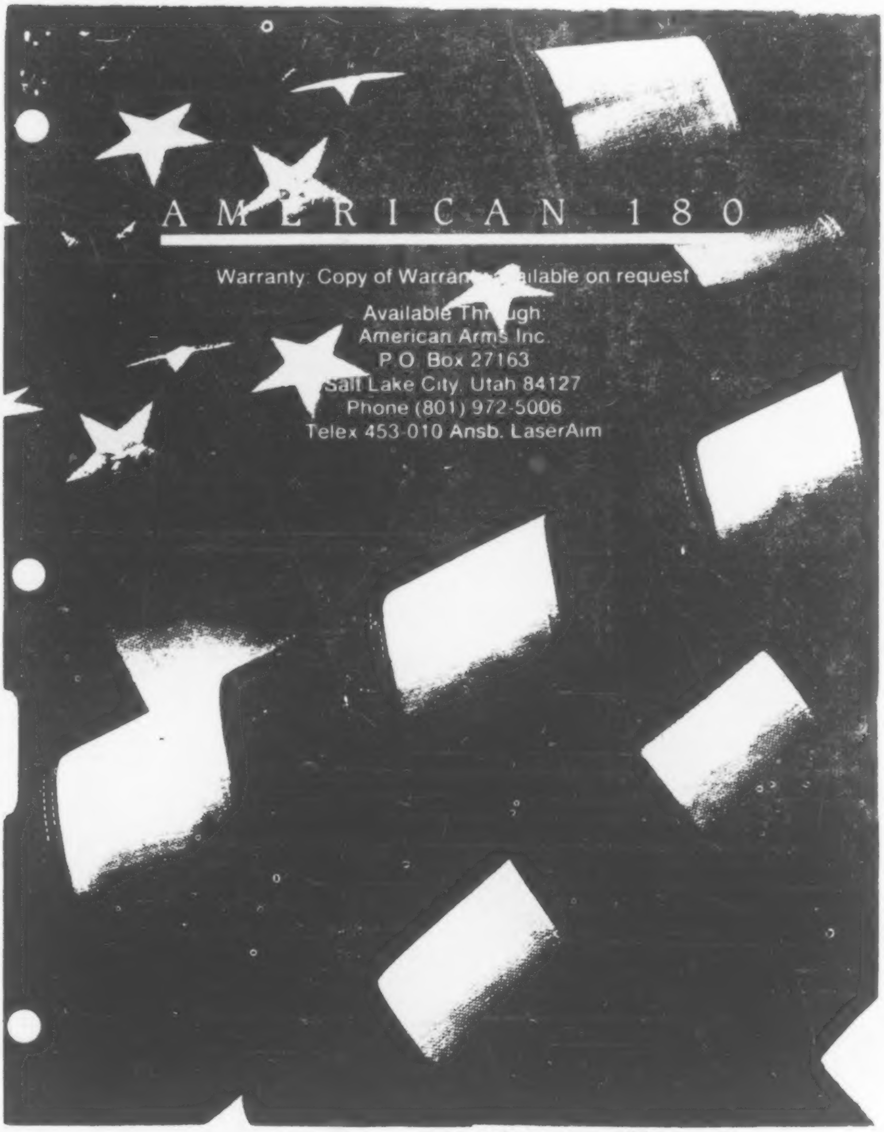


Laser-Lok Model SC-100 Sight

SPECIFICATIONS	MODEL SC 100
Dimensions	13¾ x 4½ x 1¼"
Weight	4¼ lbs.
Power Source	Self-contained battery. Operates or recharges on 220 volt, 110 volt or 12 volt automotive system equipped with alternator.
Recharging Power Supply	Laser is suppled with two cords for recharging from any current.
Operating Time	2 hours per charge (internal charge) or indefinite if connected to alternate power source.
Recharging Requirements	8 hours for full charge.
Shelf Life of Battery Charge	50% after 6 months at 70 degrees F

Laser-Lok Model SD-300 Infrared, and Model ST-500 Sights

SPECIFICATIONS	MODEL SD 300	MODEL ST 500
Length	10" (25.4cm)	14" (35.6cm)
Diameter	1" (2.54cm)	1" (2.54cm)
Battery Diameter	— — —	1⅝ (4.2cm)
Lense Diameter	1 5/16" (3.3cm)	— — —
Weight	9 oz. (255 gr.)	11 oz. (312 gr.)
Weight with Battery Charger	1 lb. 1 oz. (482 gr.)	1 lb. 2 oz. (510 gr.)
Beam Divergence	1 milliradian	1.2 milliradian
Beam Diameter @ 100 Meters	4" (10cm)	4" (10cm)
Beam Diameter @ Lense	0.8" (20mm)	0.030" (0.8mm)
Visibility	Visible with night Vision equipment	Visible in Subdued Lighting Conditions
Operating Time on One Charge	Three (3) Hours	Approximately 20 Minutes
Re-Charge Time	12 to 14 Hours	8 to 12 Hours
Mounting System	Standard 1" Scope Mounts	Standard 1" Scope Mounts



AMERICAN 180

Warranty: Copy of Warranty Available on request

Available Through:
American Arms Inc.
P.O. Box 27163
Salt Lake City, Utah 84127
Phone (801) 972-5006
Telex 453-010 Ansb. LaserAim

75-542 06

EXHIBIT AH-37

HARRIS, MERICLE & ORR
ATTORNEYS AT LAW
SUITE 3210
FIRST INTERSTATE CENTER
999 THIRD AVENUE
SEATTLE, WASHINGTON 98104
TELECOPIER: (206) 624-6560
CABLE HOMER
(206) 621-1818

MALCOLM S. HARRIS
JOHN L. MERICLE
JACK G. ORR

DEBORAH A. KNAPP
THOMAS B. WINMILL
KATE L. McCRACKEN
MICHAEL L. CHARNESKI

MEMORANDUM

EXHIBIT
AH 37

TO: Dr. Willard Zucker

FROM: Malcolm Harris and John Mericle

DATE: November 7, 1986

RE: Quinault Reservation Timber Transaction

Enclosed please find copies of the following:

1. Letter of today to Bert Weinrich, advising him of the financial arrangements which we discussed this morning.

2. Letter received today from Mr. Weinrich.

3. Draft of a Loan Commitment Agreement by which CSF agrees to loan up to $5,000,000 to SRH. This is obviously a "bare bones" draft for your review. We have taken a complete "stab in the dark" at what terms would be acceptable to you. In our discussions today with Mr. Weinrich (and in his enclosed letter), he insisted that this loan not be secured by any mortgages or other liens against the timber lands or the timber. The bank insists that there be no subordinate financing against the same assets. We argued long and hard about that point and gave no hint that you would accept such terms, but I sense that they will be quite adamant on that point. Accordingly, you may wish to obtain other security for the note, perhaps personal guaranties from the individuals or ADC. The Loan Commitment Agreement should perhaps contain a paragraph regarding the security for the note, if there is to be anything beyond the promissory note itself. The bank will insist upon seeing a copy of the Loan Commitment Agreement so it should be drafted withthe understanding that they will see it.

4. Consent to Action in Lieu of Board of Directors Meeting. This Consent documents the issuance of stock to ADC and authorizes Mr. Royer to execute the Loan Commitment Agreement on behalf of the corporation. Please obtain the signatures of General Secord and Mr. Hakim on the Consent to Action and express mail a copy to us immediately. Please FAX a copy too.

jlm:hak:c:03

LAW OFFICES OF
WEINRICH, GILMORE & ADOLPH
A PROFESSIONAL SERVICE CORPORATION
4000 SEAFIRST FIFTH AVENUE PLAZA
800 FIFTH AVENUE
SEATTLE, WASHINGTON 98104-3181

BERT H. WEINRICH
CARL P. GILMORE
ROBERT J. ADOLPH
A. PETER PARSONS
LANCE C. DAHL
RICHARD P. MATTHEWS
CHRISTOPHER M. CARLETTI
KEVIN P. SULLIVAN
LAURA TREADGOLD OLES
C. DAVID TAYLOR
JENNIFER M. COUGHLIN

SEATTLE
AREA CODE (206)
623 9100
TACOMA
AREA CODE (206)
272 2453
TELEX
910 3333678 UD

November 7, 1986

HAND DELIVERED

COPY RECEIVED
NOV 7 1986
HARRIS, MERICLE

Mr. Malcolm S. Harris
Harris, Mericle & Orr
Suite 3210, First Interstate Center
999 Third Avenue
Seattle, WA 98101

Re: Quinault Reservation Timber Property

Dear Malcolm:

This letter is written as a result of conversations with The Federal Land Bank in regard to the above matter. As part of any consideration by the Bank to alter the requirements for approving the credit worthiness of your clients, the Bank will need the following in addition to other information:

1. Letters of reference from your clients' personal attorney, accountants or banker indicating their integrity and business acumen in personal financial and business matters.

2. Representations from your clients, the officers and directors of any corporation that holds the property for their benefit, the shareholders of such corporation, the lender committing $5,000,000 and the investor committing $1,500,000 that the Quinault Reservation land and timber are not being used as collateral for funding of the new corporation and that each agrees that the shareholders of the corporation and lender of the $5,000,000 will not use the Quinault property as collateral for funds provided the corporation, but will use their own creditworthiness outside of the Quinault property. Should you have any questions, please let me or Chris Carletti know.

Very truly yours,

WEINRICH, GILMORE & ADOLPH, P.S.

Bert H. Weinrich

BHW:kc
3164I/20.3234

CONSENT TO ACTION IN LIEU OF MEETING OF SHAREHOLDERS AND DIRECTORS OF SRH CORPORATION

The undersigned, constituting all of the shareholders and directors of SRH Corporation, a Washington corporation, (the "Corporation") hereby execute this consent to action in lieu of attendance and voting at a meeting of shareholders and directors of the Corporation.

The directors hereby unanimously adopt the following resolution:

> WHEREAS, the Board of Directors wishes to offer for sale and issue up to a maximum of 29,700 shares of its $0.01 par value common stock authorized by its Articles of Incorporation; and
>
> WHEREAS, each and every shareholder of the Corporation has by signing the "Shareholders' Waiver of Pre-emptive Rights," attached to this Consent as Exhibit A, agreed to waive any and all pre-emptive rights with regard only to this issuance of 29,700 shares of the $0.01 par value common stock of the Corporation;
>
> NOW, THEREFORE, BE IT RESOLVED, that the President of this Corporation and such other officers as he may designate be, and hereby are, authorized and directed to offer for sale and to sell and to issue up to 29,700 shares of the $0.01 par value common stock in exchange for cash or other property not exceeding $1,500,000 (U.S.) in value.
>
> WHEREAS, Arab Development Company has offered this Corporation $1,500,000 (U.S.) for 29,700 shares of the $0.01 par value common stock of the Corporation,
>
> RESOLVED, that the offer of Arab Development Company is hereby accepted.
>
> FURTHER RESOLVED, that the proper officers hereby are authorized and directed to issue and deliver to Arab Development Company 29,700 shares of the $0.01 par value common stock of the Corporation, upon receipt of the subscription price of $1,500,000 in cash.

The directors hereby acknowledge receipt on behalf of the Corporation of the consideration recited hereinabove in exchange for the 29,700 shares of the comon stock of the Corporation. The President and Secretary are hereby authorized to execute share certificates in accordance with the directors' resolution set forth above.

The directors hereby authorize Larry Royer, Vice President of the Corporation, to execute a Loan Commitment Agreement, promissory notes and related documents with Compagnie de Services Fiduciaires whereby the corporation shall obtain standby financing to be used as working capital if necessary in the Quinault timber harvesting operations.

WHEREFORE, the undersigned shareholders and directors hereby execute this Consent to Action and ratify all of the aforesaid actions of the shareholders and Board of Directors in the same manner as if they had actually attended and voted at a joint shareholders and directors meeting of the Corporation.

The execution of this Consent shall constitute a written waiver of any notice required by the Washington Business Corporation Act and this Corporation's Articles of Incorporation.

DATED this 7th day of November, 1986.

Shareholders and Directors:

Richard Secord

Albert Hakim

Larry Royer

EXHIBIT A

SHAREHOLDERS' WAIVER OF PRE-EMPTIVE RIGHTS

THIS AGREEMENT is executed this _____ day of November, 986, by and between Larry G. Royer, Albert Hakim, Richard Secord, and SHR Corporation (the "Corporation").

WHEREAS, the Corporation wishes to offer and sell 29,700 shares of its $0.01 par value common stock and Arab Development Company wishes to buy 29,700 shares of the $0.01 par value common stock of the Corporation; and

WHEREAS, Article V of the Articles of Incorporation of the Corporation entitles each of the shareholders of the Corporation to pre-emptive rights to subscribe for or purchase any part of new or additional issues of stock or securities convertible into stock of any class whatsoever whether now or hereafter authorized, and whether issued for cash, property, services, by way of distributions, or otherwise; and

WHEREAS, in order to sell and in order for Arab Development Company to buy shares of the Corporation, the directors must authorize the new issue of 29,700 shares of the $0.01 par value common stock of the Corporation;

NOW, THEREFORE, in consideration of mutual agreements herein contained, the parties hereto agree as follows:

1. Larry G. Royer, Albert Hakim, and Richard Secord hereby agree to waive with respect only to the offer and sale of 29,700 shares of the $0.01 par value common stock of the Corporation any and all entitlement or right under Article V of the Articles of Incorporation of the Corporation to pre-emptively subscribe for

or purchase any part of the contemplated new issue of 29,700 shares of $0.01 par value common stock, whether issued for cash, property, services, by way of distributions, or otherwise.

2. The Corporation agrees that this waiver of entitlement and right to pre-emptively subscribe for or purchase shares pursuant to the contemplated new issuance pertains only to the above 29,700 share issuance. It is agreed and understood that this waiver of entitlement and right does not otherwise waive or affect any of the pre-emptive rights provided by Article V of the Articles of Incorporation with respect to unrelated new or additional issues of stock or securities convertible into stock of any class whatsoever, whether now or hereafter authorized, and whether issued for cash, property, services, by way of distributions, or otherwise.

IN WITNESS WHEREOF, this agreement has been duly executed by the parties hereto on the day and year first above written.

Richard Secord

Albert Hakim

Larry Royer

SRH CORPORATION, a Washington
corporation

By
Richard Secord, President

jlm:srh:01

DRAFT

LOAN COMMITMENT AGREEMENT

CAMPAGNIE DE SERVICES FIDUCIAIRES, a Swiss corporation (hereinafter "CSF"), in consideration of the interest and fees to be earned on the loan transaction contemplated hereby, unconditionally commits and agrees to loan the sum of Five Million United States Dollars (U.S. $5,000,000) to SRH CORPORATION, a Washington corporation (hereinafter "SRH"), on the terms and conditions contained herein.

1. Amount of Loan. The total principal amount which CSF commits to loan to SRH is Five Million Dollars (U.S. $5,000,000) in United States funds. SRH may draw against this principal amount from time to time, each draw to be at least Twenty-five Thousand Dollars ($25,000).

2. Interest. The principal balance outstanding from time to time shall bear interest from the dates of disbursement at the rate of _____________ percent (______%) per annum.

3. Repayment of Principal and Interest. The loan shall be evidenced by a promissory note in form acceptable to CSF and its counsel and shall provide for repayment of the loan as follows:

a. During the first three (3) years from the date hereof, the borrower shall pay interest only, quarterly, on the principal amount outstanding from time to time.

b. Commencing three (3) years from the date hereof, borrower shall commence making monthly payments of principal and interest in an amount which will amortize the then outstanding principal balance in thirty-six (36) equal monthly payments, with all principal and interest being fully due and payable on or before six (6) years from the date of this commitment.

4. Purpose of Loan. The loan proceeds shall be utilized by SRH solely for the purpose of financing timber harvesting operations on timber lands to be purchased by SRH from the Federal Land Bank of Spokane, which lands are located in the Quinault Indian Reservation in Grays Harbor and Jefferson Counties, State of Washington. Whenever requesting a draw against the loan proceeds, SRH shall submit a detailed explanation of the intended use of the loan proceeds and CSF may request any additional documents or information reasonably necessary to verify the use of the loan proceeds. At its sole discretion, CSF may make payment of loan proceeds directly to other parties on behalf of SRH.

5. Expiration of Commitment. This commitment shall automatically expire three (3) years from the date hereof, and any portion of the $5,000,000 loan proceeds not drawn by that date may not later be drawn by SRH. This commitment shall expire prior to that date in the event that:

a. SRH fails to close the timber land purchase transaction with the Federal Land Bank of Spokane; or

b. SRH should default upon the promissory note owing to the Federal Land Bank of Spokane or default upon any security instrument which secures that note; or

c. SRH becomes insolvent, makes an assignment for benefit of its creditors or a voluntary or involuntary bankruptcy proceeding is filed against or on behalf of SRH.

Nothing in this commitment shall create a right of any creditor to compel SRH to draw upon loan proceeds commited hereby, nor does this commitment grant rights to any creditor of SRH to compel CSF to advance any loan proceeds not specifically requested by SRH or after the expiration of this commitment or for any purpose other than those contemplated by this commitment.

DATED this _____ day of November, 1986.

CAMPAGNIE DE SERVICES FIDUCIAIRES,
a Swiss corporation

By ______________________________
Title ___________________________

Accepted this _____ day of November, 1986.

SRH CORPORATION,
a Washington corporation

By ______________________________
Title ___________________________

jlm:hak:21

HARRIS, MERICLE & ORR
ATTORNEYS AT LAW
SUITE 3210
FIRST INTERSTATE CENTER
999 THIRD AVENUE
SEATTLE, WASHINGTON 98104
TELECOPIER: (206) 624-8560
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MALCOLM S. HARRIS
JOHN L. MERICLE
JACK G. ORR

DEBORAH A. KNAPP
THOMAS B. WINMILL
KATE L. McCRACKEN
MICHAEL L. CHARNESKI

MEMORANDUM VIA FAX

TO: Dr. Willard Zucker

FROM: Malcolm S. Harris

DATE: November 18, 1986

Dear Bill:

I spoke with Dick Secord on Friday, who instructed me to proceed with negotiations for the purchase of the Quinault property along the same lines previously proposed to the bank. Mr. Royer and Mr. Lawson are working on the preparation of a more comprehensive business plan to help solicit an investment to fund a cash purchase. In the meantime, we will proceed on the assumption that the bank is still going to finance the purchase.

I have still not received confirmation of a deposit at CIBC in Vancouver. Until that deposit has been verified to me and to the Federal Land Bank, the Bank's attorney is not responding to my draft of the Real Estate Purchase and Sale Agreement.

I also need your comments on the Loan Commitment Agreement, since the bank will want to see a commitment for the $5,000,000 in loan proceeds in addition to the $1.5 million deposit at CIBC. The bank also insists that no security interest in the timber lands be granted to secure any loans advanced pursuant to the Loan Commitment Agreement. They will want everyone to certify that no such security interests will be granted.

I shall look forward to hearing from you shortly.

MSH:lt
cc: Mr. Richard Secord
Mr. Larry Royer

msh:g:45

EXHIBIT AH-38

UNCLASSIFIED

N 2396

MEETING WITH [redacted] JULY 10, 1986

1. [redacted] initially described his sources. He stated that he reads all Iranian newspapers that he can get his hands on and also listens to radio broadcasts. He also talks to exiles, sees a lot of Iranians who travel back and forth to Iran, maintains sporadic contact with former colleagues who remain in Iran, but perhaps His most important source of information are the representatives of important Iranians who travel abroad on business. The most important of these is the man who [redacted] can not return to Iran.

2. Like all Iranians, [redacted] groups Iranians into pat divisions. He says that Rafsenjani heads one group, Khameni'i another and a third group known as the third line is headed by seyyed Mehdi Hashemi. This is the real radical group which supports terrorism, etc. [redacted] said that there are two other groups worth mentioning, Bazergan's people and another group(ask about this one). [redacted] says that Montazari is dominated by Rafsenjani and once khomeini dies will he Rafsenjani's point man. [redacted] said tat Rafsenjani and Khameni'i are both brilliant men and will cooperate after Khomeini's death. Rafsenjani now effectively controls the Sepah-i-Pasdar through Mohsen Reza'i. Khameni'i has been resisting the move to incorporate the military into the Pasdars.

3. Sam and Abe told [redacted] that there was an interest on the part of the USG in trying to use trade to gradually re-establish relations with Iran. Sam and Abe planned to capitalize on the trade part using contacts in the USG with whom they will coordinate their actions. This of course requires a political decision at the highest level of the Iranian government. [redacted] said that he is certain that the vast majority of senior Iranians want to re-establish some degree of political relations with USG with the single exception of the third line pople. [redacted] said that the current problem is that Khomieni would oppose and such action as long as he lives. Groundwork can be done and [redacted] proposed that the man to establish contact with is Rafsenjani. [redacted] said that he can explore establishing contact through [redacted]. His conact with [redacted] is through [redacted] suggested that at some time we consider sending in a non-American to do some contacting after ground work has been done.

Partially Declassified/Released on 2/1/89
under provisions of E.O. 12356
by B. Reger, National Security Council

1012

EXHIBIT
AH 38

Exhibit AH-39

UNCLASSIFIED

N 2398

MEETING WITH [redacted] ANDS ALBERT HAKIM ON 11 JULY 1986

1 [redacted]

2. [redacted] said that their were two channels into Hasemi Rafsenjani. [redacted] proposed to discuss with us the best of these two channels. This involves [redacted] They have struck a cordial relatonship [redacted] is a close friend of Rafsenjani's [redacted] whom [redacted] believes is named [redacted] He told [redacted] that Rafsenjani was intereted in establishing contact with the USG. [redacted] also asked [redacted] to line him up with Adnan Khashoggi. [redacted] does not know precisely why [redacted] wanted to see Khashoggi, although it must have involved arms sales. During the course of our meeting, [redacted] called [redacted] in [redacted] at Hakim's behest and asked if [redacted] had in kact made contact with Khashoggi. [redacted] said that he did not think the contact was made ln fact he was about 90% sure. Hakim then told [redacted] that he should make sure that [redacted] does not make contact with Khashoggi. What is interesting si that [redacted] is planning to come to London ln about 10 Days. Hakim asked CH to see [redacted] wh[redacted] was sure he could arrange through [redacted]. Hakim told [redacted] to ask [redacted] if he wanted to talk directly to an American official, an Iranian American, an Iranian or a foreigner wih good USG connections.

3. Hakim spent a lot of time explaining to [redacted] that he wanted to get some legitimate business with Iran for Cover purposes. He was willing to sell Medicinals at cost or on a credit basis with up to a year to pay if he could get some other benifit out of it. [redacted] suggested oil sales to the US which he was in a position to arrange for fob $8.20 a barrel. Sam suggested rice since the USG was subsidizing the export of rice at prices far below the going world quotes. There was a question as to whether Oil wa embargoed. During the course of the meeting, [redacted] said quite frankly that he wasn't going to do this for nothing and Hakim told him that if anything goes through he would get a good commission. Hakim told Sam that he planned to pursue these matters with [redacted] no matter what we decided. He has also set up a private polygraph for [redacted] on Monday.

1014

EXHIBIT

AH39

EXHIBIT AH-40

U.S. PROPOSAL

1) IRAN PROVIDES FUNDS FOR 500 TOWS
AND REMAINDER OF HAWK PARTS

2) WITHIN 9 DAYS WE DELIVER PARTS + TOWS (5R
PLUS MEDICAL SUPPLIES

3) ALL AMERICAN HOSTAGES RELEASED

4) IRAN PROVIDES FUNDS FOR 1500 TOWS

5) WITHIN 9 DAYS WE WILL DELIVER

- 1500 TOWS
- TECHNICAL SUPPORT FOR HAWKS
- UPDATED INTELLIGENCE ON IRAQ
- COMMUNICATIONS TEAM

6) IRAN WILL THEN

- RELEASE PATTIS
- RETURN BODY OF BUCKLEY
- PROVIDE COPY OF BUCKLEY DEBRIEF

7) U.S. WILL THEN

- IDENTIFY SOURCES FOR OTHER ITEMS ON LIST

EXHIBIT
AH-40

- IRAN WILL THEN WORK TO RELEASE OTHER HOSTAGES.

AS. BY US

- LIST WILL BE SEEN AS DISENGENUOUS, IE, DISHONEST
- US INTERESTS ARE ONLY STRATEGIC
- HOSTAGES ARE OF NO VALUE TO IRAN
- US ALREADY PRESSING KUWAIT; WILL NOT TIE THIS TO US HOSTAGES
- AS I SAID IN BRUSSELS, US WILL FIGHT RUSSIANS IN IRAN IN CASE OF INVASION WITH OR WITHOUT GOV'T OF IRAN ASSISTANCE.
- WE WILL COOPERATE, TO DEPOSE S. HUSSEIN.

Exhibit AH-41

CAPITAL DISTRIBUTIONS

AND

AVAILABLE CSF BALANCES

CAPITAL ACCOUNT	CAPITAL DISTRIBUTIONS TO 12/4/86	CURRENT CSF BALANCE 5/27/87	OTHER DISPOSITIONS
ALBERT HAKIM	6,833,403	4,679,261	2,154,142
KOREL ASSETS	1,042,792	1,578,176	---
C. TEA	990,003	---	990,003
SCITECH	605,984	193,717	412,267
BUTTON	200,000	216,144	---
	9,672,183	6,667,302	3,556,412

EXHIBIT
AH-41

EXHIBIT AH-42

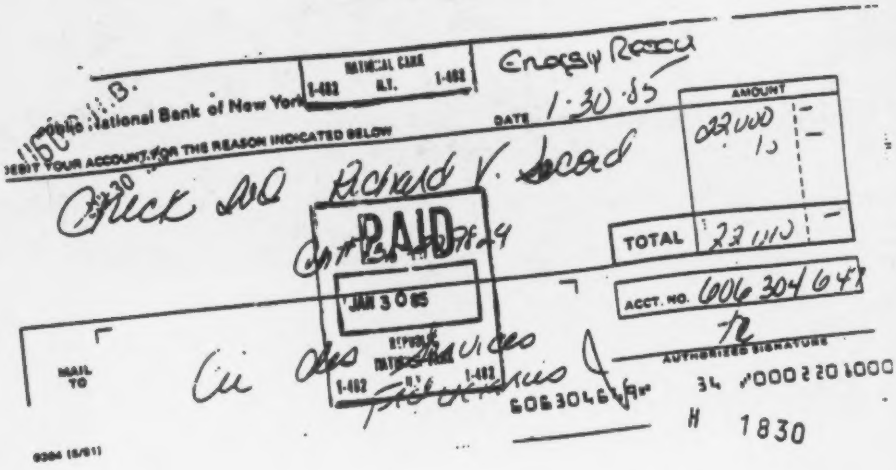
21-6-1985

Ref: Energy Resources Int'l

Received today RNB check number 131-329827 in the amount of US $22,000. drawn to the order of Richard V. Secord.

H 1832

EXHIBIT
AH-42



NATIONAL BANK 1-402 N.Y. 1-402

Energy Resou

public National Bank of New York

DATE 1·30·85

DEBIT YOUR ACCOUNT FOR THE REASON INDICATED BELOW

Check to Richard V. Secord

Cert # [illegible] 7824

AMOUNT	
22,000	—
10	—
TOTAL 22,010	—

ACCT. NO. 606 304 647

AUTHORIZED SIGNATURE

PAID

JAN 30 85

REPUBLIC NATIONAL BANK 1-402 N.Y. 1-402

MAIL TO [illegible]

606304647 34 000 220 1000

H 1830

9304 (5/81)

110006219

Check to Richard V. Secord for $22,000

Republic National Bank of New York

H 380

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE · CREDITO SVIZZERO

1211 GENEVE EAUX-VIVES TEL. 022/36 53 80 5961-850403-04-10117/03
0022

PIECE DE CAISSE

Datum / Date / Data: 03.04.85 15:41:55

Konto / Compte
Conto / Account No.:

0274- 230774-42-1

US$

ENERGY RESOURCES INTERNATIONA

Text / Texte / Testo	Auszahlung / Paiement SFR/ Pagamento / Withdrawal FRS	Einzahlung / Versement SFR/ Versamento / Deposit FRS	Val.
VENTE US$ 7.000.00 A 100.50 AGIO US$ 35.00 DEBITE			
TOTAL DEBIT US$ 7.035.00			030485

CREDIT SUISSE

MONTANT RECU

143

C

346

SCHWEIZERISCHE KREDITANSTALT
CREDIT SUISSE CREDITO SVIZZERO

1211 GENEVE

TEL. 022/22 21 11

3299-850506-04-10022/20
0019

PIECE DE CAISSE

Datum / Date / Data 06.05.85 11:00:52

Konto / Compte
Conto / Account No.

0274- 230774-42-1

US$

ENERGY RESOURCES INTERNATIONA

Text / Texte / Testo	Auszahlung / Paiement Pagamento / Withdrawal SFR / FRS	Einzahlung / Versement Versamento / Deposit SFR / FR°	Val
VENTE US$ 8.000.00 A 100.50 AGIO US$ 40.00 DEBITE			
TOTAL DEBIT US$ 8.040.00			060585

CREDIT SUISSE

TAKEN TO PARIS
5M- RVS
3M- AH

MONTANT RECU

Nr. 8741 12.83 10000 R 6 400 P

[redacted] 605

SCHWEIZERISCHE KREDITANSTALT
C[redacted]SSE CREDITO SVIZZER[redacted]

1211 GENEVE EAUX-VIVES   TEL. 022/36 53 80   5760-851023-04-10017
0004

PIECE DE CAISSE   Datum / Date / Data — 23.10.85 10:06:08

Konto Compte
Conto Account No

0[redacted]- 386430-22[redacted]   [redacted]   286

US$

Text Texte / Testo	Auszahlung Paiement Pagamento Withdrawal	SFR/ FRS	Einzahlung / Versement Versamento / Deposit	SFR/ FRS	Val
VENTE US$ 9,000.00 A 100.50 AGIO US$ 45.00 DEBITE					
TOTAL DEBIT US$ 9.04[redacted]					22[illegible]

CREDIT SUISSE [redacted]

Nr 5741 12 83 5000 R a 400 W

Zahlungsauftrag Ordre de paiement
Ordine di pagamento

Kopie für den Auftraggeber Copie pour le donneur d'ordre
Copia per il committente

an/au/al **Schweizerische Kreditanstalt**
Crédit Suisse/Credito Svizzero
CASE POSTALE 132
1211 GENEVE 3 EAUX-VIVES

Auftraggeber/Donneur d'ordre/Committente
Konto/Compte/Conto 0274-386430-22-1

(269)

LAKE RESOURCES INC.

H 598

Wir ersuchen Sie, zulasten unseres Kontos folgende Vergütung auszuführen:
Veuillez effectuer le paiement suivant par le débit de notre compte:
Vogliate eseguire, a debito del nostro conto, il versamento seguente:

Mitteilungen/Communications/Comunicazioni
EN CASH

Begünstigter/Bénéficiaire/Beneficiario
Mme Barbara Carolina MAURER

Konto bei/Compte auprès de/Conto presso

Betrag/Montant/Importo US$ 7'000,--

☐ Spesen zulasten des Auftraggebers / Frais à la charge du donneur d'ordre / Spese a carico dell'ordinante

☐ Spesen zulasten des Begünstigten / Frais à la charge du bénéficiaire / Spese a carico del beneficiario

Genève, le 12 novembre 1985
Ort, Datum/Lieu, date/Luogo, data

Unterschrift/Signature/Firma

2 Nr 7740 4.85 500

Geneva, November 13th, 1985

Received from LAKE RESOURCES INC. :

US$ 7'000.-- (SEVEN THOUSAND)

EXHIBIT AH-43

G W 0030

AH NO. 15 24 56 9

OLIN CORPORATION vs. RAUL CASTELLS, et al.	SUPERIOR COURT JUDICIAL DISTRICT OF NEW HAVEN AT NEW HAVEN January 20, 1984

REPLY MEMORANDUM IN SUPPORT OF DEFENDANT ALBERT HAKIM'S MOTION TO DISMISS

INTRODUCTION

Defendant Albert Hakim ("Hakim") respectfully submits this reply memorandum in support of his motion, filed March 1, 1982, to dismiss this action as to him for lack of personal jurisdiction. In the nearly two-year span of time since Hakim filed his motion, Plaintiff Olin Corporation ("Olin") has initiated extensive discovery--including four days of Hakim's deposition--in an effort to substantiate its assertion of jurisdiction under the Connecticut long-arm statute, Conn. Gen. Stat. §52-59b(a). Unfortunately, in its memorandum in opposition to the Motion to Dismiss ("Pl's. Opp. Mem."), Olin omits critical parts of the record developed through discovery and thereby paints a distorted picture of what this case is really about. With apologies to the Court for submitting this rather lengthy reply, we believe it is necessary to supply the omitted facts and complete the record concerning the true nature of Olin's business relationship with Mr. Hakim and his company, MultiCorp. International, Ltd. ("MCI"), in Iran. When the whole story is told, it is self-evident that Olin has not met its burden

JUDICIAL DISTRICT OF NEW HAVEN
SUPERIOR COURT
FILED
JAN 23 1984
CHOLAS J. CIMMINO
CHIEF CLERK

EXHIBIT
AH-43

to carry its burden of showing that an agency relationship existed between Olin and Hakim such that Hakim was under any duty to volunteer information concerning ownership of the Swiss bank account. Finally, Olin has failed to carry its burden of demonstrating that Hakim and Castells joined in any conspiracy to accomplish the end alleged by Olin--diversion of commission payments to Castells. Therefore, even if the acts of one conspirator could be the basis for jurisdiction over a co-conspirator, Olin cannot attribute any acts of Castells to Hakim for jurisdictional purposes.

Olin's desperate attempt to drag Hakim, a California resident, before the courts of Connecticut to answer for acts relating to payments made in Switzerland for services performed in Iran a decade ago pursuant to contracts negotiated in Iran and Switzerland must be rejected. Before turning to the legal arguments demonstrating the lack of any basis for the assertion of personal jurisdiction over Defendant Hakim, however, we believe it is important for the Court to have a complete picture of the factual background giving rise to this litigation.

STATEMENT OF FACTS

A. The Initial Relationship Between Olin And MCI

The business relationship between Olin and MCI commenced in 1972, when MCI began acting as the "agent" for Olin in Iran in connection with Olin's sales of 20mm ammunition to the Iranian Air

[redacted]

Force. (Hakim Deposition Transcript ("Hakim Tr.") at 259-69).[1] MCI, a corporation formed under Iranian law (*id.* at 15), was engaged in the electronics business and represented numerous foreign firms doing business with the Iranian government and military. (*Id.* at 16-17). Albert Hakim was the founder of the Company (*id.* at 15), owned 50% of its stock (*id.*), and from 1972 through 1978 when he fled Iran and came to the United States, its President. (*Id.* at 259).

In the mid-1970's, foreign companies that desired to make sales to the Iranian government or military were required to pay "kickbacks"--or payoffs--to governmental officials as a condition to doing business in Iran. (*Id.* at 313). American firms would typically enter into commission arrangements with Iranian "agents," ostensibly for their specialized knowledge and local expertise in securing or maintaining business relationships, but in reality to serve as conduits for the payment of bribes. Commissions substantially in excess of the going rate for such services were negotiated with and paid to the Iranian agents, who would then pass on a portion of the commission to the governmental or military officials who needed to be paid. *See* Report of the SEC on Questionable and Illegal Corporate Payments and Practices, submitted to the Senate Banking, Housing and Urgan Affairs Committee, May 12, 1976 (Fed. Sec.

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[1] For the convenience of the Court, pertinent portions of the deposition transcripts, deposition exhibits, and other documents to which citations are made are included in a separate Appendix ("App."), filed herewith.

L.R. (CCH), Report 642); Senate Comm. on Banking, Housing, and Urban Affairs, Report on the Foreign Corrupt Practices and Domestic and Foreign Investment Improved Disclosure Acts of 1977, H.R. Rep. No. 114, 95th Cong., 1st Sess. (1977). Under Iranian law and custom, there was nothing improper, unethical or illegal about this practice; payoffs were an accepted part of everyday life. (Hakim Tr. at 449-54). As Mr. Hakim testified at his deposition, it "was done day in, day out. Everybody did it. As a matter of fact, if you didn't do it you would not get anything done." (Id. at 453; see also 419-20).

In the early 1970's, the Commander-in-Chief of the Imperial Iranian Air Force was General Khatami. (Id. at 260). Foreign firms that wished to do business with the Air Force were typically forced to deal through Mr. N. Nasseri, the brother-in-law of General Khatami. (Id. at 259-69). Nasseri was, in short, the "cover man" for the General, handling his unofficial business affairs and arranging for the payment of kickbacks. (Id. at 261). For several years prior to 1972, Olin had sold ammunition to the Iranian Air Force through the auspices of Mr. Nasseri. Nasseri, in turn, had dealt with Olin through an independent company known as Madaco, acting as an intermediary. (Id. at 264). In April of 1972, Nasseri wrote to Olin requesting it to transfer its "agency" from Madaco to MCI for all future dealings with the Iranian Air Force and other armed forces. (Id. at 267-69; see also letter dated April 17, 1972 from Nasseri to Olin, produced by Olin, included in App.) From that time forward, MCI served as the "nominal agent" for

Olin in connection with its sales of ammunition to the Iranian Air Force. (Hakim Tr. at 271, 273).[2]

From 1972 through 1974, Olin in fact entered into several contracts with the Iranian Air Force for the sale of 20mm ammunition. (*Id.* at 272-73). In each instance, commissions were paid to MCI as Olin's "nominal agent," and Nasseri and General Khatami received payoffs out of the commissions paid by Olin to MCI. (*Id.* at 318).

B. The Ball Powder Plant Transaction

The first transaction alleged in the Amended Complaint with respect to Defendant Hakim is a 1973 contract between Olin and the Military Industries Organization ("MIO") for the construction in Iran of a ball powder plant and related facilities to manufacture ammunition for use by the Iranian military. MIO, which was essentially a purchasing agent for the various branches of the Iranian armed forces, was headed by General Toufanian. (*Id.* at 314). Prior to 1973, Olin had not been successful in establishing a business relationship with MIO; because of Hakim's success in facilitating sales to the Air Force, Olin turned to him for assistance in obtaining the ball powder plant contract. (*See* letter dated Nov. 2,

---

[2] As Mr. Hakim explained at his deposition, the "real" agent for General Khatami in his dealings with foreign firms was Nasseri. Nasseri used first Madaco and then MCI as his intermediary, or "nominal agent," in dealings with foreign firms on Khatami's behalf. (Hakim Tr. at 314).

1972 from D.S. Miller to MCI, memorandum dated June 6, 1973 from Miller to Castells, produced by Olin, included in App.).

Hakim introduced Olin to Djavad Mogafaghian ("DJ"), an Iranian contractor who handled a substantial volume of construction work for MIO and who was, coincidentally, a relative of General Toufanian. (Hakim Tr. at 314). DJ was to General Toufanian and MIO what Nasseri was to General Khatami and the Air Force-- the "cover man" who took commissions paid by American and other foreign firms and distributed them to General Toufanian and others in the chain of command at MIO to whom payoffs had to be made. (Id. at 326). Hakim had not previously done business with DJ or with MIO, but because of his connections within the Iranian military was able to establish a business relationship with them on behalf of Olin. As a result, Olin received the ball powder plant contract. (Id. at 307).

In order to obtain the ball powder plant contract for Olin, Hakim had to pay off not only DJ (on behalf of General Toufanian), but also Nasseri (on behalf of General Khatami). (Id. at 321, 325). In addition, payoffs had to be made to a third group of military officials, including General Khosrovdad, who were instrumental in introducing Hakim and MCI to DJ and MIO. (Id. at 326-28). What is more, in making payments to these three groups, it was imperative for Hakim to conceal from each group the fact that payoffs were also being made to the other groups. (Id. at 315-17).

As Hakim graphically explained at his deposition, the Shah of Iran intentionally created conflicting governmental and military agencies, such as MIO and the Air Force, with overlapping jurisdictions and responsibilities so that no one agency would grow too powerful. (Id. at 311-13). These conflicting agencies competed with one another for favor and prestige, as well as for the right to share in the lucrative payoffs from sales by foreign firms. As Mr. Hakim put it: "So there was a competition that they all wanted to get the transactions within their own organizations so they would benefit from the kickbacks." (Id. at 312). Because of these conflicting relationships, it was difficult for a businessman with connections or contacts in one "camp," such as the Air Force, also to do business in another competing "camp," such as MIO. Those who were successful, like Hakim, were required to take extraordinary precautions to ensure that the appearance of undivided loyalty within each camp was not shaken and, more importantly, that the payment of kickbacks to those in other "camps" was not discovered. (Id. at 342).

For this reason, Hakim requested Olin to pay the commission on the ball powder plant transaction in the form of three bearer letters.[3] (Id. at 311-16). Thus, the commission agreement between Olin and MCI, which was entered into in Tehran (id. at 306), specifically provided as follows:

> "The total aggregate amount of payments comprising the Fee shall be U.S. $1,200,000 consisting of three

---

[3] Bearer letters were as good as, or better than, cash; they would be converted to cash in the face amount of the letter, without questions being asked, to anyone in possession of the letters who presented them to the designated bank for payment. Such letters were therefore an ideal device for the anonymous payment of large amounts of cash to designated individuals without such payments being easily traceable.

> bearer letters signed by Olin in the amounts of U.S. $670,000, U.S. $306,000 and U.S. $224,000 respectively. It is understood that such Fee shall be the only fee payable by Olin to persons in Iran who have rendered services pertaining to the initiation and negotiation of the Project or who have represented Olin in that connection. It is understood that any payments required to be made to individuals, whether within or outside your firm, shall be made by you from the Fee, and that Olin shall be obligated to make payments only to the extent of the Fee." (Hakim Depo. Ex. 23A (emphasis added))

The commission agreement further provided:

> "It is understood that your services to be rendered hereunder are as independent contractor and not as an employee of Olin and you shall have no right or authorization to enter into any agreement on behalf of Olin or otherwise to bind Olin except upon Olin's express prior written consent." (Id. (emphasis added))

Each of the bearer letters was calculated to take care of one of the three competing groups Hakim was required to pay off--Nasseri, General Khatami and the Air Force group, with whom Hakim and MCI had a longstanding relationship and their principal connections; DJ, General Toufanian and the MIO group with whom Hakim and MCI had only recently succeeded in establishing a business relationship on behalf of Olin; and the third group of military officers, including General Khosrovdad, who were instrumental in bridging the gap between the two "camps." (Hakim Tr. at 321-22; 325-28). As Mr. Hakim testified at his deposition, the payoffs were separately negotiated with each group and then totalled to determine the amount of the commission:

> "The way we did that, we would negotiate with each group and all the people that we had to take care of and then as a result of negotiations first

> come up with the total of the commission [illegible] asked from Olin.
>
> "Now, we don't start out with the commission and try to split it. We go and negotiate with various people and we sum it up, then we come up with the total and then we go to the principal and say, 'Okay, this is how much commission we want.' And they add it to their price and that constitutes the commission." (Id. at 322)

By the use of the bearer letter device--three separate bearer letters in the amounts of the three separate kickbacks that had to be made--Hakim was "attempting to prevent Nasseri and Khatami from finding out that there were other commission payments to MCI that were ending up in other people's hands." (Id. at 317).

Although Olin steadfastly denies it, it is difficult to escape the conclusion that Olin executives at a high level knew, or reasonably should have known, about the payoffs to Iranian governmental officials. It was common knowledge to businessmen doing business in that part of the world in the mid-1970s that payoffs to governmental officials were a necessary prerequisite to obtaining contracts. See Protecting the Ability of the United States to Trade Abroad, Hearing on S.Res. 265 Before Subcomm. on International Trade of the Senate Comm. on Finance, 94th Cong., 1st Sess. at 49, 62 (1975). The very size of the commissions involved, which were far in excess of the going rate for the services of an agent, must have alerted Olin that a portion of the commissions were intended to be passed on to governmental officials. On the ball powder plant transaction, for example, the commission paid to MCI was $1,200,000 on a total contract price of $7,305,000--a commission rate *in excess of 16%*. As noted below, on the nitrocellulose plant transaction, the commission rate *exceeded 24%*.

Apart from the size of the commissions, however, the use of bearer letters as a mechanism of payment, which Olin knew about and approved at the highest levels of the Company, should have been strong evidence to even the most naive of businessmen that questionable foreign payments were being made. It is undisputed that, on March 27, 1974, at a meeting in the Stamford offices of Olin's chief financial officer, Edward Lyons, top executives of the Company discussed and approved the bearer letter method of payment. (Kaskell Deposition Transcript ("Kaskell Tr.") at 164-72; Kaskell Depo. Ex. 2). Peter Kaskell, Olin's former corporate general counsel, testified not only that the use of such bearer letters "was an unusual practice for Olin" (Kaskell Tr. at 167), and that the executives participating in the meeting in Lyons' office *knew* that "one of the notes . . . was for DJ" (*id.* at 168), but also that they recognized the possibility that "*this method of payment could be a devise [sic] for the payment of bribes to Iranian Government officials*." (*Id.* at 169 (emphasis added)). Hakim himself testified that Olin officials knew about the payoffs:

> "Well, he [Castells] was informed of the payoffs to government officials throughout our relationship together with the rest of the people. Miller was informed, Kaskell was informed, Chandler was informed, everybody was informed that there are payoffs involved and we need to take care of them." (Hakim Tr. at 365-66)

C. Payment to Castells' Account

At the time Albert Hakim designed the bearer letter concept as a means of preventing each competing group from knowing what the others were getting, he went to Raul Castells with a "dilemma" for which he requested Castells' assistance. (Id. at 341). Castells was at that time Olin's Director of Finance and Business Development, and one of the principal Olin representatives with whom Hakim conducted negotiations in Iran concerning the ball powder plant transaction. He was also an individual whom Hakim, and others in Iran, had grown to trust. (Id. at 343-44, 347).

In contrast to DJ and Nasseri, who were businessmen experienced in the ways of accepting payoffs and establishing Swiss bank accounts on behalf of the Generals whom they represented, General Khosrovdad had not previously been paid off in large sums, and was reluctant to sign a bank card to open a Swiss bank account in his own name. (Id. at 338). Accordingly, Hakim needed a means temporarily to hold the payoff money intended for General Khosrovdad until such time as it could be safely transferred directly to him or to a Swiss account in his name.[4] To accomplish this purpose,

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[4] At one point in the deposition Mr. Hakim explained, referring to the recipients of payoffs:

> "These people until they go through several years of dealing with such cases do not become aware of how to manipulate.
>
> "One of the reasons they leave their money with you is because they are not sophisticated yet to

(continued)

Hakim requested Castells temporarily to hold the proceeds of one of the bearer letters in Castells' own bank account until further instruction. (Id. at 344). The understanding was that Castells would hold the money in an interest bearing account (id. at 348) and that, as compensation for his services, he would be permitted to keep 50% of the interest earned on the money. (Id. at 348).[5/]

Hakim fully explained at his deposition the manner in which this agreement was struck with Castells:

> "And I told him if he wants to get the deal, you know, he has to help me. And when I structured the situation I said that this is the way to do it and I want him to establish an account to keep certain sums of money in there until I tell him what to do with it.
>
> He finally agreed to do that." (Id. at 344)

Although the money was to be held in an account in the

4/ (footnote continued)

> understand the banking world especially in Switzerland. So they entrust with you the money and they look up to you to look after it until such time that they feel safe to take it. That's part of the service given to them." (Hakim Tr. 505)

[5/] Hakim candidly admits that it is unlikely he told anyone else at Olin--other than Castells--about this arrangement. (Hakim Tr. at 468). As he explained: "The purpose that we established that account was for no one to know." (Id. at 467). For the same reason, the agreement with Castells was not reduced to writing, and Hakim did not insist upon receiving written accountings or records concerning the account. (Id. at 346, 401). "That would defeat the purpose. The whole idea was not to leave any track." (Id. at 363; see also 501: "An additional lesson, Mr. Ciulla. When you pay people off you do not keep records in [a] computer . . . . Payoffs are shake of hands and verbal commitment and you don't keep track of it.")

name of Castells, there was never any question but that it was for the benefit of Hakim. (Id. at 339-40). Moreover, Hakim left no doubt as to the intended beneficiaries of the money:

> "Q. Who was in your mind when you asked Raul Castells to set up this account and hold those funds for you, who was in your mind to be the ultimate beneficiary of those moneys?
>
> "A. Khosrovdad, Gharagozlou, and the other two gentlemen and possibly some small other guys as I referred to in my previous testimony, the two thousand, the five thousand dollar guys.
>
> "Q. And these monies were not intended for DJ?
>
> "A. That's correct.
>
> "Q. They were not intended for Khatami or Nasseri, correct?
>
> "A. That's correct.
>
> "Q. And they were not intended for you?
>
> "A. That's correct." (Id. at 360-61) 6/

6/ At his deposition, Hakim further explained that although Castells knew the general purpose for which he was being asked to hold the funds, he was not told the identity of the individuals for whom the money was intended:

> "Q. Well, did Raul know who this money was ultimately intended for?
>
> "A. No.
>
> "Q. Did he know that the money was ultimately intended to be paid to some people?
>
> "A. He certainly did.
>
> "Q. Did he know that it was to be paid to people other than you?
>
> "A. Certainly did. He knew it was going to be paid to government officials.

(continued)

In fact, as discussed in more detail below, Castells fully lived up to his end of the bargain. As Olin neglects to inform the Court, the evidence developed during discovery shows that in October of 1976, Castells returned to Hakim the money he had been asked to hold, and that Hakim in turn paid it to the Iranian military officials for whom it had initially been intended. (Id. at 362).

D. The Nitrocellulose Extraction Plant Transaction

The second transaction alleged in the Amended Complaint with respect to Defendant Hakim is a 1974 contract for the design, construction and operation by Olin of a nitrocellulose extraction plant in Iran. As in the case of the ball powder plant, the customer was MIO, and MCI and Hakim were instrumental in obtaining the business for Olin.

The "agency" agreement between Olin and MCI (Hakim Depo. Ex. 28) provided for the payment of $1,018,000 to MCI as

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6/ (footnote continued)

"Q. Now, when was he informed of that?

"A: Well, he was informed of the payoffs to government officials throughout our relationship together with the rest of the people. Miller was informed, Kaskell was informed, Chandler was informed, everybody was informed that there are payoffs involved and we need to take care of them. We had many meetings to that effect." (Hakim Tr. at 365-66, see also 500) compensation for its services on a total contract price of $4,209,000--or a commission rate in excess of 24%. (Id.) The agreement, which was negotiated in either Iran or Geneva, Switzerland (Hakim Tr. at 381-82), also contained the same language as in the ball powder plant agreement that all "services rendered and to be rendered hereunder are an independent contractor and not as an employee of Olin . . . ." (Hakim Depo. Ex. 28 (emphasis added)).

As in the case of the ball powder plant, Hakim had to pay off the same three groups of military officials as a condition to obtaining the business for Olin--Nasseri on behalf of General Khatami and the Air Force; DJ on behalf of General Toufanian and MIO; and General Khosrovdad and three other military officials who were instrumental in helping Hakim and MCI to establish a business relationship on Olin's behalf with MIO. (Hakim Tr. at 393-94). In this instance, however, bearer letters were not used as the instrument of payment. Instead, Hakim requested Olin to make three separate payments in the amounts of $400,000, $305,000, and $312,500--adding up to the full $1,018,000 amount of the commission--into three separate numbered Swiss bank accounts in Geneva. (See Hakim Depo. Ex. 8). Olin did not fully comply with these instructions. (Hakim Tr. at 393). It did not pay the funds directly into the three designated Swiss accounts, as Hakim had requested, but did send to Hakim three separate checks in the designated amounts. (Id. at 393; see also Hakim Depo. Ex. 9).

Hakim used these separate checks to make the payoffs to the three groups required to obtain the nitrocellulose contract on Olin's behalf. In accordance with the arrangement that had previously been worked out in connection with the ball powder plant transaction, Hakim requested Castells temporarily to hold in his own account the amount--$312,500--intended for General Khosrovdad and three other military officials. (Hakim Tr. at 395). The agreement was the same--Castells would hold the funds in an interest-bearing account pending further instructions from Hakim. (Id. at 398-99). The purpose of the arrangement was also the same--to conceal from each group of payees the fact that payoffs were being made to others. And, once again, Castells returned the money to Hakim (id. at 487-96), who ultimately paid it to its intended beneficiaries. (Id. at 519-22).

E. The 20mm Ammunition Transaction

The third and final transaction alleged in the Amended Complaint with respect to Defendant Hakim is a $22,950,000 contract entered into in 1975 between Olin and the Iranian Ministry of War ("MOW") for the sale of 5 million rounds of 20mm ammunition for use by the Iranian ground forces. The "consulting contract"[7] between Olin and MCI (see Hakim Depo. Ex. 12) provided for the payment of a total commission to MCI in the amount of 10.315% of the contract price--or $2,367,292.50.

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[7] Unlike the earlier commission agreements between Olin and MCI, this one described MCI as a "consultant" or "coordinating agency," rather than an "agent." At his deposition, Mr. Hakim explained that "[a]bout this time Olin was getting feedback from government and various sources that they should not have had agents"

(continued)

Olin makes much of the fact that Hakim signed a number of the documents, including the commission agreement for the 20 mm ammunition sale, in his individual capacity as well as in his capacity as President of MCI. The fact is, as Hakim testified at his deposition, he signed in both capacities at the request of Olin to assure it that he would devote his individual attention, in his capacity as an officer of MCI, to the Olin transactions. (Hakim Tr. at 406-08). It is clear from the record that Hakim did not transact any business with Olin on an individual basis, other than through MCI, the Company of which he was an officer and 50% stockholder.

Unlike the first two transactions involving the ball powder plant and the nitrocellulose extraction plant, the customer for the sale of the 20mm ammunition was the MOW. General Khosrovdad, a member of the Iranian ground forces, was an end user of the ammunition covered by the contract and had played an important role in obtaining the business for Olin. (Id. at 417).

7/ (footnote continued)

in Iran, "[s]o to play safe they changed it to 'consultant.'" (Hakim Tr. at 404). He further explained:

> "Most other principals did the same thing. They replaced the word 'agent' to 'consultant' so they could still continue to get the services of the local people and maybe by using the word 'consultant' get around the U.S. laws." (Id.)

Accordingly, as in the case of the earlier two transactions, he (and others in his chain of command) had to be paid off.

In a letter dated March 2, 1975, Hakim initially instructed Olin to pay the commission to which MCI was entitled in two separate amounts to be deposited in two separate numbered Swiss bank accounts. (Id. at 411-12; see also Hakim Depo. Ex. 13). As he testified, his intention in giving these instructions was that one of the two designated amounts would be temporarily deposited in Raul Castells' account, as had been done in the two previous deals, eventually to be distributed to General Khosrovdad and the other officers in the ground forces chain of command. (Hakim Tr. at 415-16). In fact, pursuant to the earlier understanding between Hakim and Castells, the sum of $380,000 was deposited into Castells' account for the benefit of General Khosrovdad and the other military officials to whom kickbacks had to be made. As Mr. Hakim summarized it at his deposition, in response to questioning by Olin's counsel:

> "Q. So your testimony is with respect to this money that in the course of these three transactions we have now, the ball powder plant, the extraction plant and the 20 millimeter deal, the money that you gave to Raul Castells was in your mind earmarked for payment to very specific people; Mr. Gharagozlou, Khosrovdad and two people that you are reluctant to identify because of fear for their safety, is that right?
>
> "A. That is correct." (Hakim Tr. 416-17)

F. The Return And Ultimate Payment Of The Money To Iranian Officials

As Mr. Hakim explained in detail at his deposition, on October 4, 1976,[8] in a notary public's office in Geneva, Switzerland, Castells repaid to Hakim in cash in the presence of a Swiss notary all of the money he had been requested to hold in his account for Hakim.[9] (Hakim Tr. at 487-96; see also Hakim Depo. Ex. 27). At that time, Hakim signed an affidavit, notarized by the Swiss notary, acknowledging his receipt of the funds. (Hakim Depo. Ex. 27). As he testified, Mr. Hakim then transferred the entire amount returned to him by Castells to the four military officials for whom it had originally been intended--General Khosrovdad, Mr. Gharagozlou, and two other individuals in the chain of command. (Hakim Tr. at 519-22).[10]

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[8] Mr. Hakim explained that the reason he requested the money back from Castells at this particular time was: "Raul informed me that an investigation was going on and the moneys that he is holding for me may get tangled up." (Hakim Tr. at 491). Hakim took immediate steps to obtain the money back because "I wanted . . . to untangle it before it gets tangled." (Id. at 492).

[9] As of October 4, 1976, Castells had been requested to hold a total of $852,500 for Hakim, consisting of $125,000 from the ball powder plant transaction, $312,500 from the nitrocellulose extraction plant transaction, $380,000 from the 20mm ammunition transaction, and $35,000 which Mr. Hakim could not tie to any particular transaction--all of which was intended for the benefit of General Khosrovdad and three other military officials in the armed forces chain of command who were entitled to payoffs. (Hakim Tr. at 499). Hakim requested Castells to return to him the sum of $805,100; the difference between the $852,500 Castells had originally been asked to hold and the $805,100 Hakim requested back represented relatively small cash payments Hakim had previously withdrawn from the account to make payoffs to lesser ranking individuals in the chain of command. (Id. at 506; see also 330-31). At the meeting in the notary's office, Hakim actually received back from Castells in cash the sum of $788,906, representing the $805,100 he had requested, plus $53,806 interest earned on the account to that date, less $70,000 that was blocked by the bank under Swiss law and could not be returned at that time. (Id. at 507-08). Castells has acknowledged that he owes Hakim this $70,000 amount and will repay it when it is unblocked. (See Hakim Depo. Ex. 27).

In sum, the evidence developed during discovery in this case establishes that all of the money which Hakim requested Castells to hold in his account was eventually returned to Hakim and paid to the Iranian military officials for whom it had originally been intended. There is no evidence that the money was intended for Castells, that he kept it for his own use, or that he and Hakim conspired to divert it from its intended recipients. In fact, the only "kickbacks" the record discloses are payoffs intended for Iranian governmental officials, and actually paid to them, in return for which Olin received lucrative contracts for the sale of arms to the Iranian government and military.

G. Hakim's Isolated Trips to Connecticut

The record in this case reveals without contradiction that none of the foregoing series of events, transactions or negotiations took place in the State of Connecticut. Specifically, the contracts between Olin and the Iranian military for the ball powder plant, the nitrocellulose extraction plant, and the 20mm ammunition deal were all negotiated outside Connecticut and called for performance in Iran. (Hakim Tr. at 191-95). Similarly, the "agency" agreements between Olin and MCI were all negotiated and entered into in Tehran or Geneva, Switzerland, and called for the performance of "services" outside Connecticut. (*Id.*; *see also* 381-82). Further, all of the payments of commissions referred in the Amended Complaint were made in either Tehran or Geneva. (*Id.* at 191-95).

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[10] The mechanics of the transfer were as follows: Hakim, with the assistance of his Swiss attorney, established numbered Swiss bank accounts for these individuals; took signature cards to Tehran for them to sign in order to open the accounts; and then distributed the money into their accounts. (Hakim Tr. at 520-27).

Indeed, the evidence as developed during the course of discovery establishes only *two* occasions when Hakim had anything to do with the State of Connecticut. The first was a visit to the State in April of 1979 to testify before a Federal Grand Jury investigating alleged improper foreign payments by Olin in Iran and other foreign countries. (*See* Hakim Aff. ¶7). Not even Olin suggests that this could be a basis upon which to predicate jurisdiction under the long-arm statute.

The second was a trip to Connecticut for a meeting with Mr. George Chandler, an Olin executive, sometime in 1976. (Hakim Tr. at 79-80; *see* Hakim Aff. ¶7). Mr. Hakim could not recall when in 1976 that meeting took place, but the evidence now clearly establishes that it was in late August of 1976[11]--long after all

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[11] In its opposition memorandum, Olin creates the misleading impression that there were two meetings between Hakim and Chandler in the summer of 1976. Thus, Olin asserts: "Hakim testified that he met on at least one occasion in Connecticut with Chandler, Kaskell and Castells in 1976," citing to pages 96-97 of the Hakim Deposition Transcript. (Pl. Opp. Mem. at 17); Olin goes on to surmise that, since Castells was dismissed from the Company on June 26,

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of the material events and transactions alleged in the Amended Complaint had transpired. In point of fact, according to the testimony of Olin's own former general counsel as well as internal documents from Olin's files, the purpose of the meeting was to terminate the prior business relationship between Olin and MCI. (Kaskell Tr. 120-24, 173-74; see Kaskell Depo. Ex. 3). For the reasons discussed in our opening memorandum (at 6-7) and below, this isolated visit to Connecticut after all of the events and transactions alleged in the Amended Complaint had occurred is not a basis upon which jurisdiction can be predicated.[12]

Olin has failed to meet its burden of proof that Hakim was present in Connecticut in October 1974 in connection with Olin

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11/ (footnote continued)

1976, the meeting "must have occurred prior to that date." (Id.) In addition to being speculation without any factual foundation, this flatly contradicts the record. In fact, as a review of the transcript at pages 96-97 makes readily apparent, the reference to a meeting at which Mr. Castells was present was to a meeting at a restaurant in New York among Hakim, Kaskell and Castells--a meeting which concededly took place in May of 1976, prior to the termination of Castells' employment. The evidence is clear that there was only one meeting between Hakim and Chandler--the meeting in New Haven in August of 1976 referred to in the text.

[12] Mr. Hakim also vaguely recalled another possible occasion on which he may have met in Connecticut with David Miller, another Olin executive, but he could not recall whether this was simply a second meeting during the 1976 visit to meet with Mr. Chandler, or whether it was a separate visit earlier in 1976. (Hakim Tr. 79-80; see also Hakim Aff. ¶7). Whatever the case, Olin has not met its burden of establishing when, if ever, this second meeting occurred or what, if anything, transpired. Since Olin concededly bears the burden of proof, and has not adduced any evidence on this point, it cannot rely on this second possible meeting in Connecticut as a basis upon which to assert jurisdiction.

business. In its opposition memorandum (at 17-19), Olin relies solely on two internal expense reports in an effort to show that Hakim went to lunch at the Quinnipiack Club in New Haven on October 4, 1974 and was then taken to J.F.K. airport in a limousine. (Hakim Depo. Exs. 30 and 31). THese documents have not been properly authenticated by their authors and are clearly inadmissible hearsay. More importantly, Olin has not come forward with any affidavits or testimony from anyone who was purportedly present at the luncheon in question to verify its occurrence or Hakim's presence at the luncheon, if indeed it did occur. Moreover, no one with first-hand knowledge of the event has offered any admissible evidence as to the purpose for the luncheon, what was discussed, and whether it had anything at all to do with Olin business--let alone the transactions alleged in the Amended Complaint.[13] Hakim himself simply did not recall the occasion. (Hakim Tr. 480-81). Thus, contrary to its unsupported assertions, Olin has not met its burden of establishing that Hakim was present in Connecticut in 1974 for the purpose of discussing matters relating to his business relationship with Olin.

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[13] Olin asks the Court to infer--without any factual support--that because the purported luncheon occurred "a few months" prior to the 20mm ammunition sale to the MOW, "discussions concerning not only the sale but also Olin's agreement with Hakim and MCI on that deal may well have occurred at that time." (Pl. Opp. Mem. 18-19). Such ruminations, without first-hand testimony concerning what, if anything, actually happened at the luncheon, is sheer speculation. Olin seeks to bolster its "suggestion" by reference to an October 9, 1974 document which, it says, "appears to be the first draft of an agency agreement on the 20mm transaction." (Pl. Opp. Mem. 19). As Plaintiff's carefully guarded phraseology suggests, however, no one has properly authenticated the document. At his deposition, Hakim had no recollection of having seen it (Hakim Tr. at 272, 371-72; Hakim Depo. Ex. 20), and Olin has not come forward with an affidavit from its purported author or anyone else with first-hand knowledge to identify it or attest to its veracity. Since Olin bears the burden of proof as to jurisdictional facts, and has not presented any admissible evidence concerning the luncheon or the document, it cannot rely on such guess-work. In all

(continued)

In any event, even if Olin had met its burden of proof that Hakim was present in Connecticut in October of 1974, such an isolated visit alone would not be a proper basis for the assertion of jurisdiction. By its abandonment of any reliance on subsection (a)(1) of the long-arm statute, which provides for jurisdiction over non-residents who transact business within the State, Olin apparently agrees that one's presence in the State on a few isolated occasions does not, of itself, support jurisdiction.

ARGUMENT

I.

OLIN BEARS THE BURDEN OF PROOF WITH RESPECT TO ITS JURISDICTIONAL CLAIMS.

"It is unquestioned that the plaintiff has the burden of

13/ (footnote continued)

events, any suggestion that negotiations for the 20mm ammunition contract "may well have occurred" at the October 4, 1974 luncheon in Connecticut is flatly contrary to the evidence in the record. Hakim testified unequivocally that negotiations concerning the "consulting" agreement with respect to the 20mm ammunition transaction took place in Tehran, Iran (Hakim Tr. 192-93; see also 381-82), and Olin has offered not a scintilla of admissible evidence to the contrary.

A. Hakim Fully Disclosed To Olin His Handling Of The Commission Payments.

The uncontroverted record demonstrates that Hakim is not guilty of any actionable non-disclosure in this case. In fact, he kept Olin fully informed of his activities, including his transfers of money in Switzerland, through the responsible Olin representative with whom he conducted negotiations in connection with the transactions in question. At all times relevant to this action, Raul Castells was Olin's Director of Finance and Business Development; as such, he was Olin's principal employee and field agent charged with negotiating on Olin's behalf for the ball powder plant, the nitrocellulose extraction plant, and the 20mm ammunition transactions alleged in the Amended Complaint. All of the documents produced and testimony taken during discovery to date demonstrates beyond question that Castells was Hakim's primary contact at Olin, the employee with whom he routinely dealt, and the Olin representative through whom he principally communicated with regard to the transactions with MIO and MOW. The evidence shows without contradiction that, although Hakim did not inform Castells of the identity of the individuals who were to receive payoffs, he did generally advise him that the money he was being asked temporarily to hold in his Swiss bank account was intended for the benefit of governmental officials. (See n.6, supra; Hakim Tr. at 365-66). As a practical matter, Hakim did everything reasonable to make sure Olin was kept abreast of his activities, and Olin does not state who else, other than

Castells, Hakim should have advised.[18] Under the circumstances, Hakim had every right to assume that the information he passed to Olin's agent Castells was information given to Olin:

> "A person has notice of a fact if his agent has knowledge of the fact, reason to know it or should know it, or has been given a notification of it . . . ." (Restatement (Second) of Agency §9(3) (1958))

Moreover, the evidence in the record indicates that other top Olin executives also knew about Hakim's activities. (Hakim Tr. at 365-66). Hakim, even if he were an agent of Olin in the legal sense, had no further obligation to disclose information "'if the principal manifests that he knows all material facts or is willing to deal without knowing them.'" Stevens v. Hutton, 71 Cal. App. 2d 676, 684, 162 P.2d 479, 483 (1945) (quoting Restatement (Second) of Agency §390 comment b (1958)). Not only does Hakim's testimony establish that several Olin officials were informed of the payoffs, but it is clear that Olin was willing to continue dealing with Hakim, despite its admitted knowledge that Hakim directed money to be transferred into numbered Swiss bank accounts, without insisting on knowing anything further about the owners of those accounts or the circumstances of those payments.

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[18] Olin's allegation of a conspiracy between Castells and Hakim is dealt with in Part III.D below. As we show, Olin has failed to meet its burden of showing a *prima facie* conspiracy.

related to this case all occurred outside Connecticut. Neither Olin's own acts inside Connecticut nor the non-acts of Hakim or Castells can bootstrap Hakim's few, sporadic visits to Connecticut into a basis for personal jurisdiction over Hakim. In order for a case to meet the Constitutional due process test there must be a sufficient "relationship among the defendant, the forum, and the litigation." Rush v. Savchuk, 444 U.S. 320, 327 (1980); Shaffer v. Heitner, 433 U.S. 186, 204 (1977). Here there is no connection whatsoever between the forum and either the defendant or the litigation. On any reasonable view of the facts, this is not a case which, in fairness, Hakim should be forced to defend in Connecticut.

DATED: January 20, 1984.

DEFENDANT ALBERT HAKIM

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EXHIBIT BGS-1

EXECUTIVE ORDERS

Executive Order 12334 of December 4, 1981

President's Intelligence Oversight Board

46 F.R. 59955

By the authority vested in my as President by the Constitution and statutes of the United States of America, and in order to enhance the security of the United States by assuring the legality of activities of the Intelligence Community, it is hereby ordered as follows:

Section 1. There is hereby established within the White House Office, Executive Office of the President, the President's Intelligence Oversight Board, which shall be composed of three members. One member, appointed from among the membership of the President's Foreign Intelligence Advisory Board, shall be designated by the President as Chairman. Members of the Board shall serve at the pleasure of the President and shall be appointed by the President from among trustworthy and distinguished citizens outside the Government who are qualified on the basis of achievement, experience and independence. The Board shall utilize such full-time staff and consultants as authorized by the President.

Sec. 2. The Board shall:

(a) Inform the President of intelligence activities that any member of the Board believes are in violation of the Constitution or laws of the United States, Executive orders, or Presidential directives;

(b) Forward to the Attorney General reports received concerning intelligence activities that the Board believes may be unlawful;

(c) Review the internal guidelines of each agency within the Intelligence Community concerning the lawfulness of intelligence activities;

(d) Review the practices and procedures of the Inspectors General and General Counsel of the Intelligence Community for discovering and reporting intelligence activities that may be unlawful or contrary to Executive order or Presidential directive; and

(e) Conduct such investigations as the Board deems necessary to carry out its functions under this Order.

Sec. 3. The Board shall, when required by this Order, report directly to the President. The Board shall consider and take appropriate action with respect to matters identified by the Director of Central Intelligence, the Central Intelligence Agency or other agencies of the Intelligence Community. With respect to matters deemed appropriate by the President, the Board shall advise and make appropriate recommendations to the Director of Central Intelligence, the Central Intelligence Agency, and other agencies of the Intelligence Community.

Sec. 4. The heads of departments and agencies of the Intelligence Community shall, to the extent permitted by law, provide the Board with all information necessary to carry out its responsibilities. Inspectors General and General Counsel of the Intelligence Community shall, to the extent permitted by law, report to the Board concerning intelligence activities that they have reason to believe may be unlawful or contrary to Executive order or Presidential directive.

Sec. 5. Information made available to the Board shall be given all necessary security protection in accordance with applicable laws and regulations. Each member of the Board, each member of the Board's staff, and each of the Board's consultants shall execute an agreement never to reveal any classified information obtained by virtue of his or her service with the Board except to the President or to such persons as the President may designate.

EXHIBIT
BGS-1

Sec. 6. Members of the Board shall serve without compensation, but may receive transportation, expense, and per diem allowances as authorized by law. Staff and consultants to the Board shall receive pay and allowances as authorized by the President.

Ronald Reagan

THE WHITE HOUSE,
December 4, 1981.

Executive Order 12335 of December 16, 1981

National Commission on Social Security Reform

46 F.R. 61633

By the authority vested in me as President by the Constitution of the United States of America, and to establish, in accordance with the provisions of the Federal Advisory Committee Act, as amended (5 U.S.C. App. I), the National Commission on Social Security Reform, it is hereby ordered as follows:

Section 1. *Establishment.* (a) There is established the National Commission on Social Security Reform. The Commission shall be composed of fifteen members appointed or designated by the President and selected as follows:

(1) Five members selected by the President from among officers or employees of the Executive Branch, private citizens of the United States, or both. Not more than three of the members selected by the President shall be members of the same political party;

(2) Five members selected by the Majority Leader of the Senate from among members of the Senate, private citizens of the United States, or both. Not more than three of the members selected by the Majority Leader shall be members of the same political party;

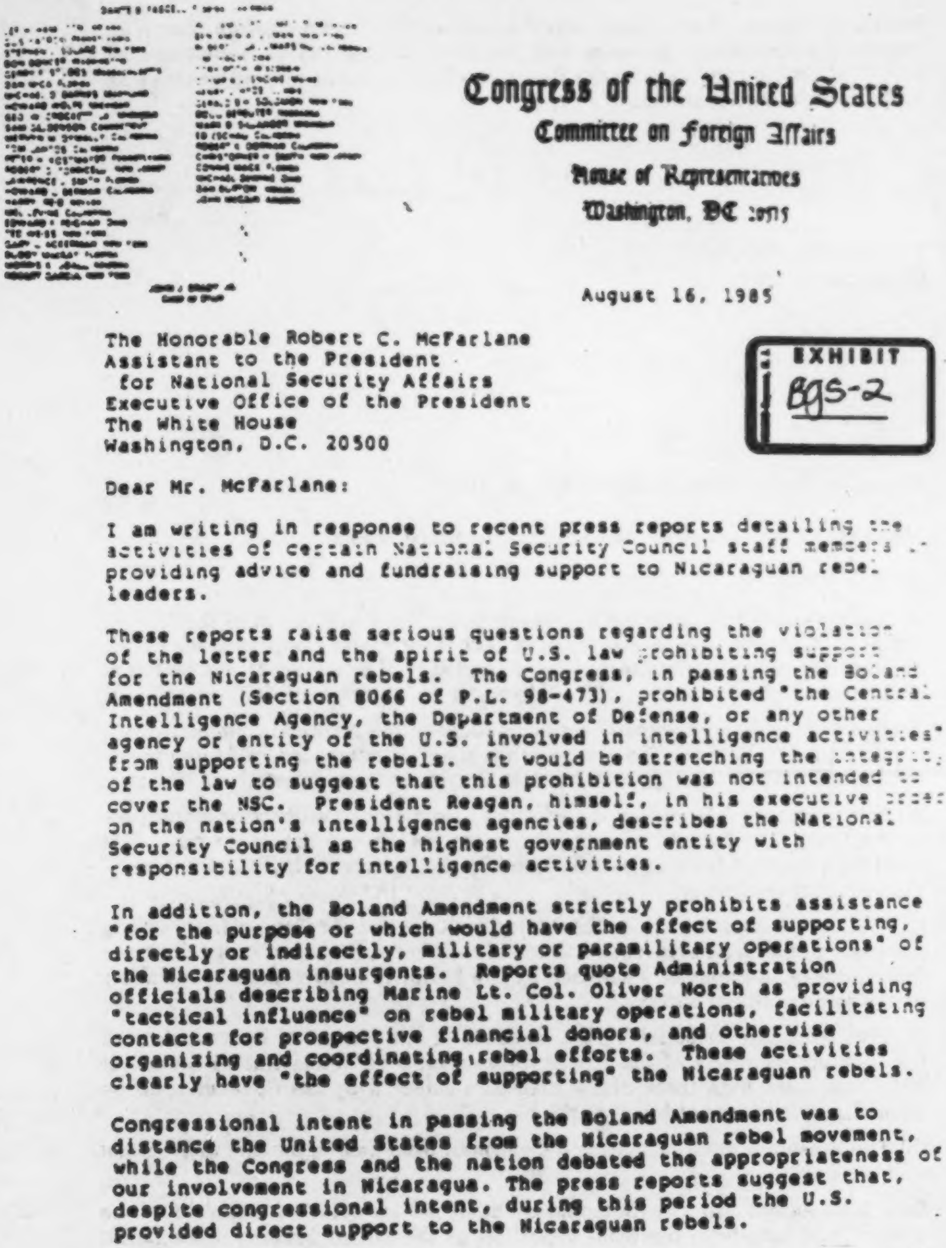
(3) Five members selected by the Speaker of the House of Representatives from among members of the House, private citizens of the United States, or both. Not more than three of the members selected by the Speaker shall be members of the same political party.

(b) The President shall designate a Chairman from among the members of the Commission.

Sec. 2. *Functions.* (a) The Commission shall review relevant analyses of the current and long-term financial condition of the Social Security trust funds; identify problems that may threaten the long-term solvency of such funds; analyze potential solutions to such problems that will both assure the financial integrity of the Social Security System and the provision of appropriate benefits; and provide appropriate recommendations to the Secretary of Health and Human Services, the President, and the Congress.

(b) The Commission shall make its report to the President by December 31, 1982.

Exhibit BGS-2



[illegible]

Congress of the United States
Committee on Foreign Affairs
House of Representatives
Washington, DC 20515

August 16, 1985

EXHIBIT
BGS-2

The Honorable Robert C. McFarlane
Assistant to the President
for National Security Affairs
Executive Office of the President
The White House
Washington, D.C. 20500

Dear Mr. McFarlane:

I am writing in response to recent press reports detailing the activities of certain National Security Council staff members in providing advice and fundraising support to Nicaraguan rebel leaders.

These reports raise serious questions regarding the violation of the letter and the spirit of U.S. law prohibiting support for the Nicaraguan rebels. The Congress, in passing the Boland Amendment (Section 8066 of P.L. 98-473), prohibited "the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the U.S. involved in intelligence activities" from supporting the rebels. It would be stretching the integrity of the law to suggest that this prohibition was not intended to cover the NSC. President Reagan, himself, in his executive order on the nation's intelligence agencies, describes the National Security Council as the highest government entity with responsibility for intelligence activities.

In addition, the Boland Amendment strictly prohibits assistance "for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations" of the Nicaraguan insurgents. Reports quote Administration officials describing Marine Lt. Col. Oliver North as providing "tactical influence" on rebel military operations, facilitating contacts for prospective financial donors, and otherwise organizing and coordinating rebel efforts. These activities clearly have "the effect of supporting" the Nicaraguan rebels.

Congressional intent in passing the Boland Amendment was to distance the United States from the Nicaraguan rebel movement, while the Congress and the nation debated the appropriateness of our involvement in Nicaragua. The press reports suggest that, despite congressional intent, during this period the U.S. provided direct support to the Nicaraguan rebels.

The Honorable Robert C. McFarlane
Page Two
August 16, 1985

In order to clarify the circumstances surrounding Lt. Col. North's activities, as chairman of the subcommittee with jurisdiction over United States policy toward Nicaragua, I request that you provide Congress with all information, including memoranda and any other documents, pertaining to any contact between Lt. Col. North and Nicaraguan rebel leaders as of enactment of the Boland Amendment in October, 1984.

Thank you for your attention to this request.

Sincerely,

Mike Barnes

Michael D. Barnes
Chairman
Subcommittee on Western
Hemisphere Affairs

MDB:na

EXHIBIT BGS-3

UNCLASSIFIED

NSC involvement ① moral support while funds ↓
② influence v. atrocities
③ encourage pol. program
March 1 San Jose declaration

→ pressure
③ intent of restrictions
– funding & policy
leg. history

[redacted]

– new for mil. support

1 8 00127

information gathering

EXHIBIT
BGS-3

North's knowledge of mil. activity is due to reports received from CIA

various documents – constraints imposed by law during time of ban
e.g.
① (Jan 1985 memo from North → McF on "Nicaragua options"
② (March '85 memo on Restructured Nicaragua Prog.

∘ DIA reports listed Soviet mil. equipment shipped to N.

(7 Mar 1988)

UNCLASSIFIED

1017

"all options [options] are currently being pursued except aid for the armed opposition

UNCLASSIFIED [redacted]

March 7, 1985 meetings between FDN mil. & Congressional leaders / advis etc.

1 8 00128

May 31, 1985 memo Plans are underway to transition from current arrangements to a consultative/supportive once Cong. approval granted on lifting Section 8066 restrictions.

- March 30, 85 joint letter from Bermudez.

- March 1, 85 Declaration

UNCLASSIFIED

UNCLASSIFIED [redacted]

NSC = entity under act

face of it   language of 12333 + Boland A.

1 B 00129

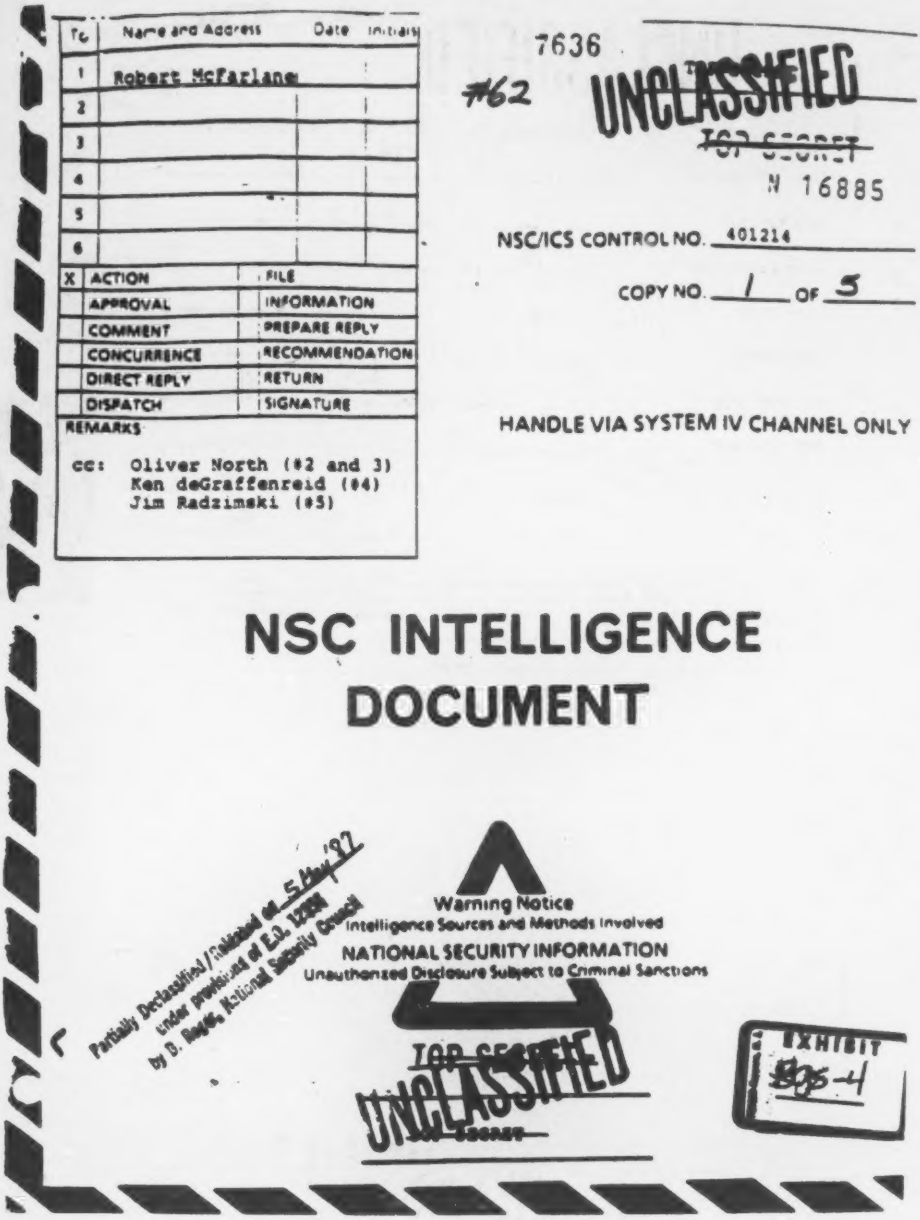
Legislative history   ① Intell. auth. acts
lk members of intell. com

Function: coordination rather than operation

purpose was to end operation
funding for the contras

UNCLASSIFIED

EXHIBIT BGS-4



To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

X	ACTION	FILE
	APPROVAL	INFORMATION
	COMMENT	PREPARE REPLY
	CONCURRENCE	RECOMMENDATION
	DIRECT REPLY	RETURN
	DISPATCH	SIGNATURE

REMARKS

cc: Oliver North (#2 and 3)
Ken deGraffenreid (#4)
Jim Radzimski (#5)

7636

#62

UNCLASSIFIED

~~TOP SECRET~~

N 16885

NSC/ICS CONTROL NO. 401214

COPY NO. 1 OF 5

HANDLE VIA SYSTEM IV CHANNEL ONLY

NSC INTELLIGENCE DOCUMENT

Partially Declassified/Released on 5 May '87
under provisions of E.O. 12356
by B. Reger, National Security Council

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

~~TOP SECRET~~

UNCLASSIFIED

~~TOP SECRET~~

EXHIBIT
BGS-4

System # IV
Package # 401214

UNCLASSIFIED

1-1-3

N 16836

	SEQUENCE TO	HAS SEEN	DISPOSITION
Paul Thompson	1	PT	
Bob Kimmitt	2	K	
John Poindexter	3	C	
Tom Shull		/	
Wilma Hall	4		
Bud McFarlane	5	M	A
Bob Kimmitt			R
NSC Secretariat Jim	7		R
Situation Room		J	
		J	

[redacted]

I = Information [✓ A = Action] R = Retain D = Dispatch N = No further Action

cc: VP Meese Baker Deaver Other ____________

COMMENTS Should be seen by: ____________ (Date/Time)

UNCLASSIFIED

UNCLASSIFIED

MEMORANDUM

NATIONAL SECURITY COUNCIL

NSC/ICS-40[illegible]

Partially [redacted] Council

December 4, 1984

ACTION

N 16887

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Assistance for the Nicaraguan Resistance

In accord with prior understanding, I met on Wednesday, November 28, with , Defense Attache, Embassy of the Gaston Sigur arranged the luncheon meeting at the Cosmos Club and was present throughout.

As agreed, I explained to our purpose in the meeting was to clarify questions which had been raised in Canada regarding an arms transaction destined I explained that an intermediary had advised that apparently made a decision not to proceed with the Canadian-originated arms sale. This offer of purchase included 10 SA-7 missile launchers 30 missiles, 1 training unit, and 10 tracking units.

professed to be unaware of the Canadian transaction. I advised him that the purchase was not really intended for use by but rather for the Nicaraguan Resistance Forces. Further, the intermediary had indicated that the problem appeared to be the number military officers who are graduates of the As a consequence of the apparent reluctance to proceed with the sale showing end user certificate, the Canadian arms dealer is preparing to re-initiate discussions for a similar delivery. was advised that the FDN would prefer to have the delivery as soon as possible, since the Soviet HIND-D helicopters were being assembled as we spoke.

was further advised that Adolfo Calero, the Head of the FDN, was willing to commit to a recognition once the Resistance Forces had succeeded. indicated that he understood the message and would confer with the [redacted] He observed, for the record, that refused to become involved, in any way, in the internal affairs of another country. I indicated that we fully appreciated this position and noted that it was too bad that the Soviets, Bulgarians, and East Germans involved in Nicaragua did not feel the same way.

~~TOP SECRET~~
Declassify: OADR

UNCLASSIFIED

~~TOP SECRET~~ UNCLASSIFIED

Later that afternoon, MGEN Jack Singlaub (U.S. Army, Retired) visited to advise of two meetings he had held early in the day regarding support for the Resistance. Singlaub passed on the following points:

Meeting with [redacted] [redacted]

N 16888

-- The FDN is in urgent need of anti-aircraft weapons and other crew-served weapons ammunition (particularly 60 and 81mm mortar rounds). Units in the field are also in need of large quantities of boots and clothing since the number of ralliers has exceeded expectations by 2,000.

-- The Resistance Forces are also in urgent need of expertise in maritime operations.

-- The USG is unaware of the Singlaub mission and he is making this request based on his long friendship [redacted] Because of the law restricting USG involvement, no USG official can solicit on behalf the Resistance Forces.

-- If [redacted] like to help, Singlaub can arrange a meeting with Adolfo Calero. If it is necessary for a USG official to verify Calero's bona fides, this can be arranged.

Meeting with [redacted] [redacted]

-- By agreement with Calero, Singlaub advised [redacted] since [redacted] had turned down the earlier FDN request for assistance [redacted] the Resistance movement had approached [redacted]

-- The Resistance still is in need of financial support, munitions, and training assistance.

-- [redacted] this was a "considerably different situation" than that which he had been aware of earlier. While not committing to support, he noted to Singlaub that this new information might make a difference [redacted]

[redacted]

~~TOP SECRET~~ UNCLASSIFIED

~~TOP SECRET~~ 3 UNCLASSIFIED

[redacted]

N 16829

This weekend, at the request of Sec. John Lehman, I met with Mr. David Walker, a former British SAS officer who now heads two companies (KMS and SALADIN) which provide professional security services to foreign governments. Walker had been approached several months ago, prior to initiating the current financial arrangement for the FDN. In addition to the security services provided by KMS, this offshore (Jersey Islands) company also has professional military "trainers" available. Walker suggested that he would be interested in establishing an arrangement with the FDN for certain special operations expertise aimed particularly at destroying HIND helicopters. Walker quite accurately points out that the helicopters are more easily destroyed on the ground than in the air. [redacted]

Unless otherwise directed, Walker will be introduced to Calero and efforts will be made to defray the cost of Walker's operations from other than Calero's limited assets.

[redacted]

[redacted]

~~TOP SECRET~~ UNCLASSIFIED

Exhibit BGS-5

#70

7635

UNCLASSIFIED

MEMORANDUM

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-402003
Re-do

February 6, 1985

N 6917

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

~~TOP SECRET~~

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Nicaraguan Arms Shipments

The Nicaraguan merchant ship, MONIMBO, is now in port at Taichung, Taiwan, where it is unloading cargo. It is estimated for departure on tomorrow, February 7, enroute to Shikama, Japan, for main engine repairs. [redacted]

At this point, there appear to be three options:

-- The shipment could be seized and the weapons delivered to the FDN;

-- the ship could be sunk; or

-- the shipment and the [redacted] parties involved therein could be made public as a means of preventing the delivery.

~~TOP SECRET~~
Declassify: OADR

TOP SECRET

BKD.

EXHIBIT
BGS-5

UNCLASSIFIED

~~TOP SECRET~~

N 6918

There is no [redacted] apparent armed security detail aboard the MONIMBO, despite the sensitive nature of her cargo.

If asked, Calero would be willing to finance the operation. He does not, however, have sufficient numbers of trained maritime special operations personnel or a method of delivery for seizing the ship on the high seas. [redacted]

If such an operation were undertaken, it would be best to seize the vessel as it cleared the East China Sea enroute to Nicaragua's Pacific port at Corinto. Arrangements would have to be made for removal of the cargo for further transfer to the FDN, since it is unlikely that any of the other Central American states would allow MONIMBO to enter their harbors once she had been pirated.

If time does not permit a special operation to be launched, Calero can quickly be provided with the maritime assets required to sink the vessel before it can reach port at Corinto. He is in contact with maritime operations experts and purveyors of materiel necessary to conduct such an operation.

RECOMMENDATION

That you authorize Calero to be provided with the information on MONIMBO and approached on the matter of seizing or sinking the ship.

Approve ____ Disapprove ____

We need to take action to make sure ship does not arrive in Nicaragua.

~~TOP SECRET~~

TOP SECRET

ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
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6			

XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

~~TOP SECRET~~

N 6919

UNCLASSIFIED

NSC/ICS CONTROL NO. 402003

COPY NO. 1 OF 4

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NSC INTELLIGENCE DOCUMENT

Partially Declassified/Released on 5 May 19
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

~~TOP SECRET~~

UNCLASSIFIED

file
2/21

UNCLASSIFIED

National Security Council
The White House

System # ______

Package # ______

N 6920

	SEQUENCE TO	HAS SEEN	DISPO
Paul Thompson			
Bob Kimmitt			
John Poindexter	1		
Tom Shull			
Wilma Hall			
Bud McFarlane	2	has seen	
Bob Kimmitt			
NSC Secretariat			
Situation Room			
JP	3		

I = Information A = Action R = Retain D = Dispatch N = No furthe

cc: VP Meese Baker Deaver Other ______

COMMENTS Should be seen by: ______
(Date/Tim

UNCLASSIFIED

UNCLASSIFIED

THE WHITE HOUSE
WASHINGTON

Bud, 2/7

N 6921

Except for the prohibition of the intelligence community doing anything to assist the Freedom Fighters I would readily recommend I bring the rep at CPPG at 2:00 today.

Of course we could discuss from the standpoint of keeping the arms away from Nicaragua without any involvement of Calero and Freedom Fighters.

What do you think? J

UNCLASSIFIED

EXHIBIT BGS-6

7623 #71 X

ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
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XX	ACTION	FILE
	APPROVAL	INFORMATION
	COMMENT	PREPARE REPLY
	CONCURRENCE	RECOMMENDATION
	DIRECT REPLY	RETURN
	DISPATCH	SIGNATURE

REMARKS
cc: Oliver North (#2 and 3)
James Radzimski (#4)

UNCLASSIFIED

N 7182

NSC/ICS CONTROL NO. 400215

COPY NO. _____ OF _____

HANDLE VIA SYSTEM IV CHANNEL ONLY

NSC INTELLIGENCE DOCUMENT

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

Partially Declassified/Released on 5 May 1992
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

SKD/(f)(5)
12.[illegible]
NS 13[illegible]

UNCLASSIFIED

EXHIBIT
BGS-6

N 7183

National Security Council
The White House

UNCLASSIFIED

System # ____
Package # ____

1621

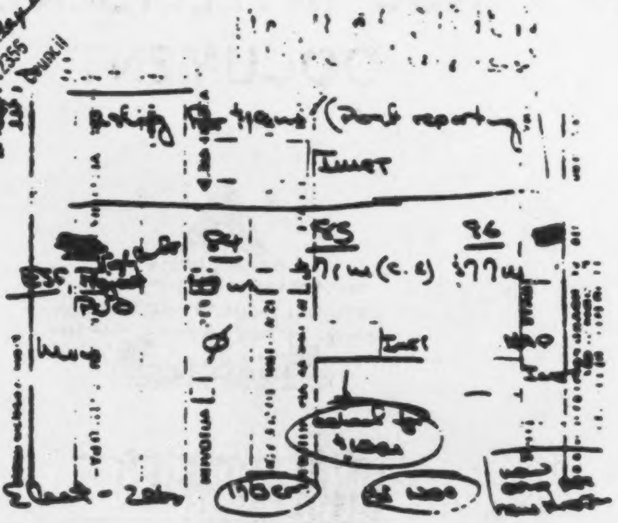
	SEQUENCE TO	HAS SEEN	DISPOS.
Bob Pearson	1		
Bob Kimmitt	2	K	
John Poindexter			
Paul Thompson			
Wilma Hall	3		
Bud McFarlane	4	M	A
Bob Kimmitt			
NSC Secretariat			
Situation Room			

I = Information A = Action R = Retain D = Dispatch N = No further

cc: VP Meese Regan Deaver Other ____

COMMENTS Should be seen by: ____
Date/Time

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by [illegible] Reger, National Security Council


Briefing [illegible] (Pond reporting)
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[illegible]

UNCLASSIFIED ~~TOP SECRET~~

MEMORANDUM

SYSTEM IV
NSC/ICS-400215

NATIONAL SECURITY COUNCIL

N 7184

March 5, 1985

~~TOP SECRET~~

ACTION

[illegible] 5 May 1987 [illegible] 12355 [illegible] Council

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Aid to the Nicaraguan Resistance

Attached at Tab I is a memo from you to Secretaries Shultz and Weinberger, Director Casey, and General Vessey asking for their views on increased U.S. assistance Your memo is cast as suggestion which derives from trip to the region.

The real purpose of your memo is to find a way by which we can compensate the the extraordinary assistance they are providing to the Nicaraguan freedom fighters. At Tab II are end-user certificates which the provided for the purchase of nearly $8M worth of munitions to be delivered to the FDN. These nine documents are a direct consequence of the informal liaison we have established and your meeting with he and The ammunition and weapons identified in these documents will be delivered in several shipments (2 by aircraft and 1 by sea) starting on or about March 10, 1985. All shipments will be delivered be receipted for [redacted], and turned over to FDN representatives at. on arrival. Adolfo is convinced, and I agree, that have not removed or withheld any equipment/munitions from the FDN deliveries which have occurred to date.

During one of the meetings in which the process above was arranged, one of presented a "wish list" of items which they desperately need in order to prosecute their war against the Cuban-supported guerrillas. A copy of the list is attached at Tab III. Each of the items identified are in priority within four principal categories: Aircraft, Ground Forces Equipment, Weapons and Munitions, and Non-Tactical Military Equipment.

~~TOP SECRET~~
~~Declassify: OADR~~

~~TOP SECRET~~
UNCLASSIFIED

UNCLASSIFIED

~~TOP SECRET~~ 2 N 7185

Your memo at Tab I does not refer to the arrangements which have been made for supporting the resistance through It does, however, urge that we take steps now to improve their situation. Once we have approval for at least some of what they have asked for, we can ensure that the right people in [redacted] understand that we are able to provide results from their cooperation on the resistance issue.

RECOMMENDATION

That you sign and transmit the memo at Tab I.

Approve ✓ Disapprove ____

Attachments
Tab I - McFarlane Memo to Shultz/Weinberger/Casey/Vessey
Tab II - [redacted] End-User Certificates
Tab III - [redacted] Military Equipment Requirements

~~TOP SECRET~~

UNCLASSIFIED

N 7186

UNCLASSIFIED ~~SECRET~~

THE WHITE HOUSE

WASHINGTON

SYSTEM IV
NSC/ICS-400215

N 7187

~~SECRET~~

March 11, 1985

SENSITIVE

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
The Secretary of State

THE HONORABLE CASPAR W. WEINBERGER
The Secretary of Defense

THE HONORABLE WILLIAM J. CASEY
The Director of Central Intelligence

GENERAL JOHN W. VESSEY, JR.
The Chairman, Joint Chiefs of Staff

SUBJECT: Assisting Progress toward Democracy (C)

During my brief stop in [redacted] made a convincing case for their commitment to democracy. They also noted their critical need for relatively small amounts of security assistance, economic aid, and support for their struggling agricultural sector. (C)

In recent weeks, there appears to have been an increase in guerrilla attacks and subversion. It is entirely likely that we will see more polarizing activity of this kind as the elections approach. Unless the Army has adequate support, certain elements may use the guerrilla action as a reason to defer elections or to justify counter-productive, repressive measures. Unfortunately, the Congress only provided in FY-85 IMET funds from the Administration's security assistance request. While the FY-86 request for [redacted] in security assistance provides hope for the future, it would seem that we need to look for ways in which we can help [redacted] between now and their elections. (S)

It is, therefore, requested that State take the lead in developing imaginative alternatives can be provided with assistance to improve their security situation. We should consider as well as activities by other U.S. agencies which could have a positive effect on internal security conditions.

Our goal in all of this should be to provide all possible assistance to progress toward democracy. (S)

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

Robert C. McFarlane
Robert C. McFarlane

SENSITIVE

~~SECRET~~
~~Declassify: OADR~~

~~SECRET~~

N 7188

UNCLASSIFIED

N 7189

S/r.

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ MIL (10,000) rifles automáticos, los cuales serán destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

N 7190

UNCLASSIFIED

CERTIFICACION DE DESTINO FINAL

[redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ MIL (10,000) libras de explosivo (HE) - C4 o TNT y UN MIL QUINIENTOS (1,500) detonadores variados, los cuales serán destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

UNCLASSIFIED N 7191

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

S.Ñores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será destinado para uso exclusivo del Ejército de y no será reexportado ni vendido a otro país, siendo el destino final:

A. 150 ametralladoras
B. 150 morteros de 60mm. -completos-.
C. 100 morteros de 81mm. -completos-.
D. 150 lanzagranadas M-79
E. -30 fusiles sin retroceso de 57mm.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

N 7192

CERTIFICACION DE DESTINO FINAL

, 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por éste medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será -- destinado para uso exclusivo del Ejército de y no será reexportado ni vendido a otro país, siendo - el destino final:

A. 10,000 granadas M-79.
B. -3,000 granadas de 60mm.
C. -2,000 granadas de 81mm.

Sin otro particular, aprovecho la oportunidad para s. cribirme atentamente.

UNCLASSIFIED

[redacted]

[illegible] N 7193

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATINAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será destinado para uso exclusivo del Ejército de , y no será reexportado ni vendido a otro país, siendo el destino final:

A. 3,000 granadas RPG-7.
B. --100 lanzagranadas RPG-7.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

UNCLASSIFIED N 719

CERTIFICACION DE DESTINO FINAL

[redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DOS MIL (2,000) minas anti-personales y UN MIL (1,000) minas anti-tanque, las cuales serán destinadas para uso exclusivo del Ejército de [redacted] y no serán reexportadas ni vendidas a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

[illegible]

N 7195

CERTIFICACION DE DESTINO FINAL:

[redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por TRES MIL (3,000) LAW ROCKETS, que vienen destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

N 7196

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ (10) lanzacohetes tierra-aire y CINCUENTA (50) misiles tierra-aire, los cuales vienen destinados para uso exclusivo del Ejército de .y no serán reexportados ni vendidos a otro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

[illegible]

N 719

s/r.

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1985.

Señores ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por CINCO MILLONES (5.000,000) de cartuchos Ball Ammo, calibre 7.62mm., los cuales serán destinados para uso exclusivo del Ejército de y no serán reexportados ni vendidos a otro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme de ustedes atentamente.

UNCLASSIFIED

[redacted]

MILITARY EQUIPMENT REQUIREMENTS

N 719

The following military equipment and services have been identified as the highest priority [redacted] Army in combatting the Communist guerrillas. They are listed in sequence of highest to lowest need within each category.

Aircraft:

-- New or refurbished helicopters and spare parts for existing inventory.

-- Spare parts for fixed wing cargo aircraft.

-- New or refurbished ground attack aircraft and spare parts for existing inventory.

-- New trainer aircraft and related spare parts.

Ground Forces Equipment:

-- Communications equipment, including secure voice systems.

-- Various vehicles for troop and logistical transport.

-- Engineering equipment, including bulldozers, road-graders, and survey instruments.

Weapons and Munitions:

-- Light and medium weapons, including M-16 rifles, M-60 machine guns, pistols (9mm and .45 caliber), 81mm and 60mm mortars, and 90mm recoilless rifles.

-- Ground force munitions, including mortar, recoilless rifle, and artillery rounds, assorted mines and explosives, and 7.62 x 51 linked ammunition, plus hand grenades.

-- Aerial munitions, including 200 and 500 pound bombs and 2.7 inch rockets with appropriate warhead mixes.

Additional Non-Tactical Supplies and Equipment:

-- Field hospital equipment, general medical supplies, and training for paramedics.

-- Tactical radars for use in detecting border infiltration.

5 May 1982

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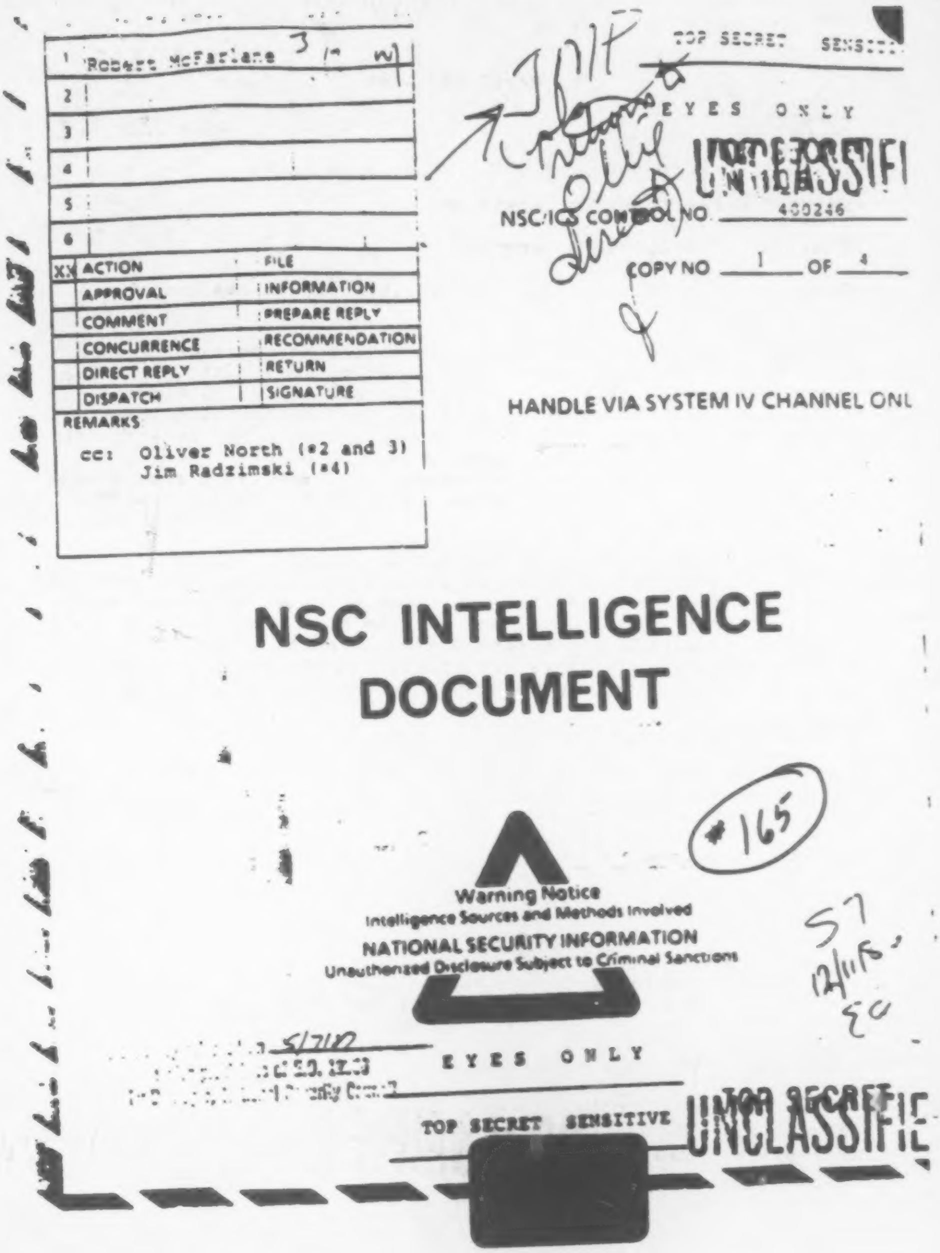
EXHIBIT BGS-7



1	Robert McFarlane 3 [illegible] w/	
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XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

JMP

return to Ollie direct

J

TOP SECRET SENSITIVE

EYES ONLY

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NSC/ICS CONTROL NO. 400246

COPY NO 1 OF 4

HANDLE VIA SYSTEM IV CHANNEL ONLY

NSC INTELLIGENCE DOCUMENT

#165

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

S7
12/11/85
EC

[illegible] 5/7/87
[illegible] E.O. 12356
[illegible] Security Council

EYES ONLY

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[illegible] UNCLASSIFIED [illegible]

NATIONAL SECURITY COUNCIL

NSC/ICS-4[illegible]

N 10618

March 16, 1985

TOP SECRET **SENSITIVE**

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Fallback Plan for the Nicaraguan Resistance

The plan attached at Tab I has been developed, pursuant to our discussion on Friday regarding fallback options. It is premised on the assumption of a major Congressional budget battle and an assessment that the Congress will not rescind the restrictions in Section 8066 of the FY-85 C.R. (Tab A). Should you determine in your meeting with Senators Durenburger and Lugar (Tuesday, March 19, 0730) that the Congress will not endorse a resumption of USG support to the resistance, the plan at Tab I provides a workable alternative.

Secrecy for the plan is paramount. We could not implement such an option if it became known in advance and it also mandates that present donors continue their relationship with the resistance beyond the current funding figure. The plan would require the President to make a major public pronouncement which, in turn, must be supported by other Administration officials, resistance leaders, and regional Heads of State once it has been announced.

RECOMMENDATION

That, if Durenburger and Lugar indicate an unwillingess to support resumption of USG aid to the resistance, you discuss the attached plan with Secretary Shultz following your meeting.

Approve _____ Disapprove _____

Attachments
Tab I - Fallback Option Plan
Tab A - Section 8066 of the FY-85 C.R.

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Declassify: OADR

TOP SECRET UNCLASSIFIED SENSITIVE

N 10619

FALLBACK OPTION PLAN FOR THE NICARAGUAN RESISTANCE

Assumptions. The Congress is unwilling to support release of $14M in USG funds for the purpose of supporting, directly or indirectly, military or paramilitary operations in Nicaraguan. The FY-86 budget is seriously jeopardized by Congressional action and will require a major effort on the part of the President immediately after the MX vote through mid-July. There will be insufficient time or assets available to organize the kind of Administration-wide effort required to achieve an affirmative vote in both Houses on the Nicaraguan resistance program.

Section 8066 of the law (Tab A) expires on October 1, 1985. There are currently $28M requested in the FY-86 intelligence budget for the purpose of supporting paramilitary operations by the Nicaraguan resistance. The current funding relationship which exists between the resistance and its donors is sufficient to purchase arms and munitions between now and October--if additional monies are provided for non-military supplies (e.g., food, clothing, medical items, etc.). The current donors will have to be convinced of the need to continue their funding for munitions after October 1, 1985. A commitment for another $25-30M from the donors will be necessary for munitions in 1986 in anticipation that the $28M requested in the intelligence budget is not approved.

Concept. In lieu of forwarding the report to the Congress required by Section 8066 of PL 98-473, the President would announce on or about April 2 that the American people should contribute funds ("...send your check or money orders to the Nicaraguan Freedom Fighters, Box 1776, Gettysburg, [illegible]..") to support liberty and democracy in the Americas. He would note that the monies raised would be used to support the humanitarian needs of those struggling for freedom against Communist tyranny in Central America. By necessity, the speech must be dramatic and a surprise. It cannot be leaked in advance.

Prior to the speech, the following steps must be taken:

-- Calero, Cruz, and Robelo (the principle leadership of the Nicaraguan armed and unarmed resistance) must be covertly advised of this plan and must assure of their support.

-- The Nicaraguan Freedom Fund, Inc., a 501(c)3 tax exempt corporation, must be established and obtain a Post Office Box 1776 in Gettysburg, Philadelphia, Valley Forge, or Yorktown. (This process is already underway.)

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-- Presidents Suazo, Monge, and Duarte (and the appropriate leadership of each of those countries) must be apprised of this plan 1-2 days in advance of the announcement. They must be prepared to fully support the President's proclamation. 2

-- The current donors must be apprised of the plan and agree to provide additional $25-30M to the resistance for the purchase of arms and munitions. C.C

-- Public groups and political action committees already mobilized for the Congressional campaign to relieve the 8066 constraints will have to be mobilized for the new approach (advertising, posters, ~~mailings,~~ phonecalls, etc.) several hours before the President speaks. 2 reconsider

-- Assuming a Presidential speech on or about April 2 at 8:00 p.m., a briefing for senior Administration officials should be held at 7:00 p.m. that day in Room 450 OEOB to ensure that public commentary after the speech by these official is supportive of this proclamation unlikely

Additional Requirements.

-- Informal contact several months ago with a lawyer sympathetic to our cause indicated that such a procedure would be within the limits of the law. Fred Fielding should be asked to do conduct a very private evaluation of the President's role in making such a request.

-- The name of one of several existing non-profit foundations, we have established in the course of the last year, will be changed to Nicaraguan Freedom Fund, Inc. Several reliable American citizens must be contacted to serve as its corporate leadership on its board of directors along with Cruz, Calero, and Robelo

-- Calero, Cruz, and Robelo will support support such an option if properly approached. They should then be photographed with the President on the day of his announcement and prepared to appear on U.S. and other media supporting the President's program.

-- You will have to make a quick (one day) trip to the region, preferably the day before announcement in order to brief Heads of State and regional leaders. For obvious reasons, this must be a very secret trip.

-- The President's speech must be prepared in total secrecy much the same as Ben Elliott worked on the Grenada announcements.

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UNCLASSIFIED N 10621

H. J. Res. 648
P.L. 98-473

Ninety-eighth Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Monday, the twenty-third day of January,
one thousand nine hundred and eighty-four

Joint Resolution

Making continuing appropriations for the fiscal year 1985, and for other purposes.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

That the following sums are hereby appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government for the fiscal year 1985, and for other purposes, namely:

SEC. 101. (a) Such sums as may be necessary for programs, projects, or activities provided for in the Agriculture, Rural Development and Related Agencies Appropriation Act, 1985 (H.R. 5743), to the extent and in the manner provided for in the conference report and joint explanatory statement of the Committee of Conference (House Report Numbered 98-1071), filed in the House of Representatives on September 25, 1984, as if such Act had been enacted into law.

(b) Such sums as may be necessary for programs, projects, or activities provided for in the District of Columbia Appropriation Act, 1985 (H.R. 5899), to the extent and in the manner provided for in the conference report and joint explanatory statement of the Committee of Conference (House Report Numbered 98-1088), filed in the House of Representatives on September 26, 1984, as if such Act had been enacted into law.

(c) Such amounts as may be necessary for programs, projects or activities provided for in the Department of the Interior and Related Agencies Appropriations Act, 1985, at a rate of operations and to the extent and in the manner provided as follows, to be effective as if it had been enacted into law as the regular appropriation Act:

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N 10622

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~~Army Reserve, Army National Guard or Air National Guard occupied by, or programed to be occupied by, persons in an active Guard or Reserve status: *Provided further*, That none of the funds appropriated by this Act may be used to include (civilian) military technicians in computing civilian personnel ceilings, including statutory or administratively imposed ceilings, on activities in support of the Army Reserve, Air Force Reserve, Army National Guard or Air National Guard.~~

~~SEC. 8064. (a) The provisions of section 138(c)(2) of title 10, United States Code, shall not apply with respect to fiscal year 1985 or with respect to the appropriation of funds for that year.~~

~~(b) During fiscal year 1985, the civilian personnel of the Department of Defense may not be managed on the basis of any end-strength, and the management of such personnel during that fiscal year shall not be subject to any constraint or limitation (known as an end-strength) on the number of such personnel who may be employed on the last day of such fiscal year.~~

~~(c) The fiscal year 1986 budget request for the Department of Defense as well as all justification material and other documentation supporting the fiscal year 1986 Department of Defense budget request shall be prepared and submitted to the Congress as if sections (a) and (b) of this provision were effective with regard to fiscal year 1986.~~

~~(TRANSFER OF FUNDS)~~

~~SEC. 8065. Appropriations or funds available to the Department of Defense during the current fiscal year may be transferred to appropriations provided in this Act for research, development, test, and evaluation to the extent necessary to meet increased pay costs authorized by or pursuant to law, to be merged with and to be available for the same purposes, and the same time period, as the appropriation to which transferred.~~

SEC. 8066. (a) During fiscal year 1985, no funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual.

(b) The prohibition concerning Nicaragua contained in subsection (a) shall cease to apply if, after February 28, 1985—

(1) the President submits to Congress a report—

(A) stating that the Government of Nicaragua is providing materiel or monetary support to anti-government forces engaged in military or paramilitary operations in El Salvador or other Central American countries;

(B) analyzing the military significance of such support;

(C) stating that the President has determined that assistance for military or paramilitary operations prohibited by subsection (a) is necessary;

(D) justifying the amount and type of such assistance and describing its objectives; and

(E) explaining the goals of United States policy for the Central American region and how the proposed assistance would further such goals, including the achievement of peace and security in Central America through a compre-

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hensive, verifiable and enforceable agreement based upon the Contadora Document of Objectives; and

(2) a joint resolution approving assistance for military or paramilitary operations in Nicaragua is enacted.

(c)(1) For the purpose of subsection (b)(2), "joint resolution" means only a joint resolution introduced after the date on which the report of the President under subsection (b)(1) is received by Congress, the matter after the resolving clause of which is as follows: "That the Congress approves the obligation and expenditure of funds available for fiscal year 1985 for supporting, directly or indirectly, military or paramilitary operations in Nicaragua,".

(2) The report described in subsection (b)(1) shall be referred to the appropriate committee or committees of the House of Representatives and to the appropriate committee or committees of the Senate.

(3) A resolution described in paragraph (1) introduced in the House of Representatives shall be referred to the Committee on Appropriations of the House of Representatives. A resolution described in paragraph (1) introduced in the Senate shall be referred to the Committee on Appropriations of the Senate. Such a resolution may not be reported before the eighth day after its introduction.

(4) If the committee to which is referred a resolution described in paragraph (1) has not reported such resolution (or an identical resolution) at the end of fifteen calendar days after its introduction, such committee shall be discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar of the House involved.

(5)(A) When the committee to which a resolution is referred has reported, or has been deemed to be discharged (under paragraph (4)) from further consideration of, a resolution described in paragraph (1), notwithstanding any rule or precedent of the Senate, including Rule 22, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the resolution, and all points of order against the resolution (and against consideration of the resolution) are waived. The motion is highly privileged in the House of Representatives and is privileged in the Senate and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the resolution shall remain the unfinished business of the respective House until disposed of.

(B) Debate on the resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to is not in order.

(C) Immediately following the conclusion of the debate on a resolution described in paragraph (1), and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final passage of the resolution shall occur.

N 10624

UNCLASSIFIED

(5) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution described in paragraph (1) shall be decided without debate.

(6) If, before the passage by the Senate of a resolution of the Senate described in paragraph (1), the Senate receives from the House of Representatives a resolution described in paragraph (1), then the following procedures shall apply:

(A) The resolution of the House of Representatives shall not be referred to a committee.

(B) With respect to a resolution described in paragraph (1) of the Senate—

(i) the procedure in the Senate shall be the same as if no resolution had been received from the House; but

(ii) the vote on final passage shall be on the resolution of the House.

(C) Upon disposition of the resolution received from the House, it shall no longer be in order to consider the resolution originated in the Senate.

(7) If the Senate receives from the House of Representatives a resolution described in paragraph (1) after the Senate has disposed of a Senate originated resolution, the action of the Senate with regard to the disposition of the Senate originated resolution shall be deemed to be the action of the Senate with regard to the House originated resolution.

(8) This subsection is enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a resolution described in paragraph (1), and it supersedes other rules only to the extent that it is inconsistent with such rules; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(c) During [illegible] described in subsection (b)(2) for the purpose of supporting, directly or indirectly, military or paramilitary operations in Nicaragua, shall not exceed $14,000,000.

[illegible] products of Indian industry may be made in open market in the discretion of the Secretary of Defense: *Provided*, That the products must meet pre-set contract specifications.

Sec. 8068. None of the funds made available by this Act shall be used in any way for the leasing to non-Federal agencies in the United States aircraft or vehicles owned or operated by the Department of Defense when suitable aircraft or vehicles are commercially available in the private sector: *Provided*, That nothing in this section shall affect authorized and established procedures for the sale of surplus aircraft or vehicles: *Provided further*, That nothing in this section shall prohibit such leasing when specifically authorized in a subsequent Act of Congress.

Sec. 8069. None of the funds made available by this Act shall be used in any way, directly or indirectly, to influence congressional

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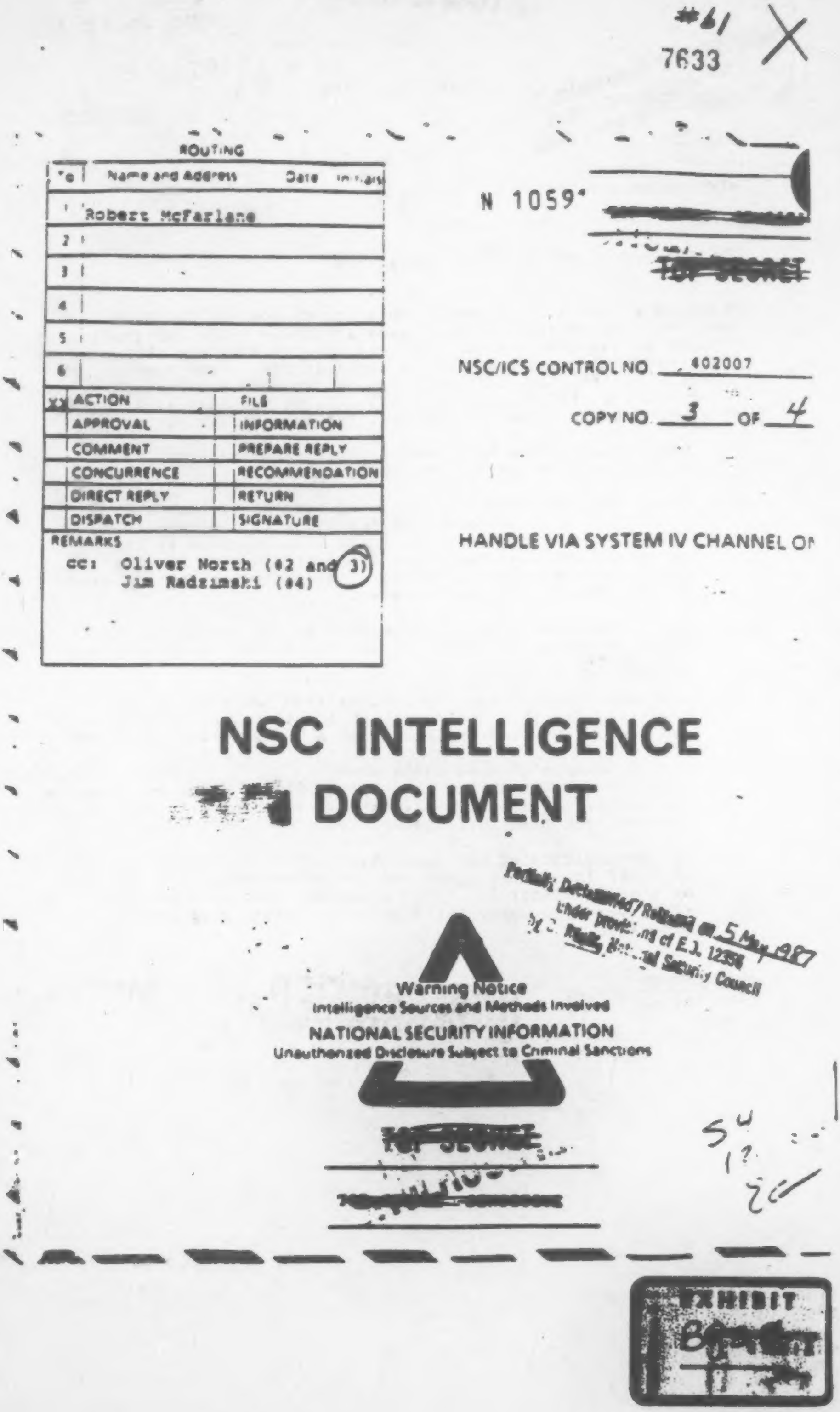
EXHIBIT BGS-8



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N 1059

[redacted]

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ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
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xx	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS

cc: Oliver North (#2 and ③)
Jim Radzimski (#4)

NSC/ICS CONTROL NO 402007

COPY NO. 3 OF 4

HANDLE VIA SYSTEM IV CHANNEL O

NSC INTELLIGENCE
[redacted] DOCUMENT

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by C. Rielly, National Security Council

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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EXHIBIT
BGS-8

UNCLASSIFIED [redacted]

MEMORANDUM

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ISC-40[illegible]

[redacted] Released on [illegible] '87
under provisions of E.O. 12356
by [redacted] National Security Council

N 10592

April 11, 1985

[redacted]

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: FDN Military Operations

Attached at Tab A is a summary analysis of how the FDN has expended funds which have been made available since USG funding expired in May 1984. From July 1984 through February 1985, the FDN received $1M per month for a total of $8M. From February 22 to April 9, 1985, an additional $16.5M has been received for a grand total of $24.5M Of this, $17,145,594 has been expended for arms, munitions, combat operations, and support activities:

-- most expenditures have been for purchases of arms, ammunition, and other ordnance items;

-- the $2.5M indicated for upkeep of base camps on the borders includes costs of approximately $350K per month (an expense which will increase as the number of recruits continues to grow) and $50K for the operation conducted in Managua against the ammunition depot at the EPS military headquarters;

-- the funding has allowed the growth of the resistance from 9,500 personnel in June 1984 to over 16,000 today--all with a[redacted]

-- when the May 1985 sealift arrives ($5M has already been deposited for this delivery), an additional 6,000 fighters can be equipped and fielded after a 3 week training period;

-- the relocation of base camps along border has been ordered for mid to late April 1985 in order to disperse the target for a Sandinista attack (cost for this relocation have not yet been fully quantified);

-- the acquisition of two small transport aircraft at the cost of $186K is prudent given the increased patrolling activity by the EPS along border, thus complicating trail-borne resupply for columns operating deep inside Nicaragua.

[redacted]
Declassify: OADR

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[redacted]

Summary of Operations to Date

The FDN has grown nearly twofold since the cut-off of USG funding. In this period, they have reoriented from conventional to guerrilla warfare tactics. Despite the lack of any internal staff organization (G-1, G-2, G-3, G-4) when the USG withdrew, the FDN has responded well to guidance on how to build a staff. Although there was a basic lack of familiarity with how to conduct guerrilla-type operations, since July, all FDN commanders have been schooled in these techniques and all new recruits are now initiated in guerrilla warfare tactics before being committed to combat. In short, the FDN has well used the funds provided and has become an effective guerrilla army in less than a year.

Future Operations:

Plans call for remaining resources ($7,354,000) to be used as follows:

-- increasing the force to a total of 25,000 by mid-Summer;

-- a major special operations attack against Sandino airport with the purpose of destroying the MI-24 helicopters and the Sandinista Air Force maintenance capability;

-- a major ground operation against the mines complex in the vicinity of Siuna, Bonanza, and La Rosita (Nicaragua)--the purpose of the operation is to secure the principal lines of communication in and out of Puerto Cabezas; and

-- the opening of a southern front along the [redacted] border which will distract EPS units currently committed to the northern front.

It is apparent that the $7M remaining will be insufficient to allow the resistance to advance beyond these limited objectives, unless there is a commitment for additional funds. The $14M which the USG may be able to provide will help to defray base camp, training, and support expenses but will not significantly affect combat operations until early Autumn due to lead-time requirements. Efforts should, therefore, be made to seek additional funds from the current donors ($15-20M) which will allow the force to grow to 30-35,000. If a commitment for these funds is made between now and June 1985, supplies could be ordered in July, allowing the force to reach these levels by the end of October 1985.

UNCLASSIFIED N 10594

RECOMMENDATION

That the current donors be approached to provide $15-20M additional between now and June 1, 1985.

Approve _____ Disapprove _____

Attachment
Tab A - Summary Analysis of FDN Expenditures

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N 10595

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N 10596

As of April 9, 1985

FDN Expenditures and Outlays

July 1984 through February 1985

Quantity	Item	Cost
Independent Acquisition		
	G-3 rifles	[redacted]
	Magazines	
	Rounds 7.62 x 51	
	Rounds 7.62 x 51	
	Hand grenades	
Airlift #1 - February 1985		
	81mm grenades	$
	60mm grenades	
	50 cal API	
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
Freight, Demurrage, Ins., etc.		
Airlift #2 - March 1985		
750,000	Rounds 7.62 x 39	$ 210,000
1,000	RPG-7 grenades	265,000
8,910	Hand grenades	84,645
60	60mm mortars	96,000
1,472 Kgs	C-4	47,104
[redacted]	Fuses and detonators	
	G-3 rifles	
	G-3 magazines	
	Cleaning kits	
	60mm grenades	
	50 cal links	
Freight, Demurrage, Ins., etc.		
Sealift #1 - April Arrival		
	RPG-7 rockets	$
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Belts for 7.62 x 39	
	SA-7 launchers	
	SA-7 rockets	
	M-79 grenades	
Freight, Ins., and other exp		
	M-79 grenades	

Partially Declassified/Released on 5 May '87
under provisions of E.O. 12356
by B. Reger, National Security Council

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FDN Expenditures and Outlays
July 1984 through February 1985 (Cont'd...)

Quantity	Item	Cost
Sealift #2 - May Arrival		
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Rounds linked 7.62 x 51	
	Hand grenades	
	M-79 grenades	
	60mm grenades	
	81mm grenades	
	82mm grenades	
	RPG-7 rockets	
	Claymore mines	
	50 cal API	
	12.7 ammo	
	57mm recoiless rifles	
	57mm ammo	
	Anti-tank mines	
	G-3 rifles	
	G-3 cleaning kits	
	AK rifles	
	G-3 magazines	
	AK magazines	
	Swedish K magazines	
	HK-21 machine guns	
	RPG-7 launchers	
	M-79 launchers	
	9mm pistols	
	AK-39 links or belts	
[redacted]	C-4	
	Fuses and detonators	
Deposit paid		
Estimated cost		
Miscellaneous Expenses Since July 1984		
	Uniforms	
	Boots	
	Radio and comm equip	
	Air and ground transp	
	Military gear	
	Aid to southern front	
	Aid to Misuras	
	Food, family asst, upkeep of base camps, air force hospitals, etc.	
	Political activity - offices in various countries and cities, travel, p.r.	
	Acquisition two transp airplanes	

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EXHIBIT BGS-9

UNCLASSIFIED 6239

THE WHITE HOUSE

WASHINGTON

~~Partially~~ Declassified/Released on 18 May 1985
under provisions of E.O. 12356
by S. Reger, National Security Council

[redacted]

PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

September 12, 1985

MEMORANDUM FOR ROBERT C. McFARLANE, ASSISTANT TO THE PRESIDENT
FOR NATIONAL SECURITY AFFAIRS

FROM: PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

SUBJECT: Allegations Concerning a Boland Amendment Violation by the National Security Council

Several weeks ago allegations were made that the activities of LtCol Oliver North, the NSC action officer for Central America, violated the Boland Amendment. We initiated an investigation of the matter. This memorandum addresses two critical issues. The threshold issue is whether the NSC is an organization subject to the Boland Amendment. Secondly, if the NSC is subject to the Boland Amendment, is there evidence that activities undertaken by LtCol North violated that law.

1. Is the National Security Council covered by Section 8066(a) of the Continuing Resolution?

In a letter to the Assistant to the President for National Security Affairs, Congressman Michael Barnes raised the issue whether the National Security Council (NSC) is covered by the Boland Amendment.[1] He cites Section 8066(a) as prohibiting "the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the U.S. involved in intelligence activities" from supporting military operations by the freedom fighters in Nicaragua. Barnes claims that the NSC is covered by the statute: "It would be stretching the integrity of the law to suggest that this prohibition was not intended to cover the NSC." As evidence Barnes cites Executive Order 12333 which he says "describes the National Security Council as the highest government entity with responsibility for intelligence activities."

Whether the Boland Amendment applies to the NSC turns on the clarification of the NSC as an "agency or entity of the United States involved in intelligence activities" prohibited

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[1] Pub. L. No. 98-473, 98 STAT. 1935 (Section 8066(a) of the Continuin
Resolution).

UNCLASSIFIED [illegible]

from supporting the Nicaraguan democratic resistance [emphasis added]. On the face of it the NSC would appear to be an agency or entity of the United States covered by the amendment. The executive order cited by Congressman Barnes does refer to the NSC as "the highest Executive Branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence, counterintelligence, and special activities, and attendent policies programs."[2] [Emphasis added.]

However, in spite of the use of nearly identical language in both E.O. 12333 and the Boland Amendment, the question remains whether the legislation applies to the NSC. An examination of the language of the current law as well as its legislative history indicates that the NSC is not covered by the prohibition.

a) The NSC is not covered by the language of the legislative prohibitions:

On October 10, 1984 the Congress passed the Continuing Resolution which included Section 8066(a) prohibiting the obligation or expenditure of any funds available to the CIA, the Defense Department, "or any other agency or entity of the United States involved in intelligence activities" from supporting the Nicaraguan freedom fighters. On October 11, 1984 Section 8066(a) was incorporated by reference into the Intelligence Authorization Act for Fiscal Year 1985. It states that:

> Sec. 801. No funds authorized to be appropriated by this Act or by the Intelligence Authorization Act for fiscal year 1984 (Public Law 98-215) may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement or individual, except to that extent provided and under ther terms and conditions specified by House Joint Resolution 648, making continuing appropriations for the fiscal year 1985, and for other purposes, as enacted.[3]

The funds that the Boland Amendment prohibits from being used to support the freedom fighters are funds that are authorized in this act. But according to the first section of that act the funds being authorized do not include funds allocated to the NSC. That section reads as follows:

> SEC. 101. Funds are hereby authorized to be appropriated for fiscal year 1985 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

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[2] Exec. Order No. 12333, §1.2a; 3 C.F.R. 201 (1982).

[3] H. J. Res. 648 includes section 8066(a).

(1) The Central Intelligence Agency.
(2) The Department of Defense.
(3) The Defense Intelligence Agency.
(4) The National Security Agency.
(5) The Department of the Army, the Department of the Navy, and the Department of the Air Force
(6) The Department of State.
(7) The Department of the Treasury.
(8) The Department of Energy.
(9) The Federal Bureau of Investigation.
(10) The Drug Enforcement Administration.

The most likely conclusion is that the Boland Amendment prohibition, as incorporated in the Intelligence Authorization Act for FY 1985, applies only to the organizations named, not to the NSC. This is not to say that the appropriations legislation could not have been intended to include more organizations than those included in the Intelligence Authorization Act. Because the latter legislation incorporated the language of the appropriations act, Section 8066(a) could have included a larger number of government entities than merely those intelligence agencies listed in the authorization act. However, nothing in the record indicates that other entities were included.

If the intent was to include the NSC, that could have been easily done: Congressman Boland authored Section 8066(a) of the Continuing Resolution and was Chairman of the House Permanent Select Committee on Intelligence which defined the organizations which would be controlled by the Intelligence Authorization Act. If he had wanted the NSC to be restricted by the legislation, the specific prohibition could have been written into the act or made clear in the legislative history. Indeed, in order to ensure that DoD was adequately covered by the Boland Amendment, it was incorporated into the Department of Defense Appropriations Act for FY 1985.[4] (Once again, however, the prohibition in the Defense Appropriations Act applies only to the expenditure of DoD funds and not to the NSC, as the NSC is covered by separate legislation.[5])

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[4] Pub. L. No. 98-473, §8066(a); 98 STAT. 1935 (1984).

[5] See H.R. REP. NO. 98-830, 98th Cong., 2d Sess. 34 (1984). Although the NSC is not subject to the Boland Amendment prohibitions, nevertheless LtCol North might be, as he evidently is on a non-reimbursed detail from the Marine Corps. (If North's detail is reimbursed, however, then Congressional prohibitions would not apply. However, in order to demonstrate that North has violated the law, substantive evidence would have to be presented that he engaged in activities prohibited by the Amendment. That issue is dealt with in the second section of this memorandum.

UNCLASSIFIED

b) The NSC is not considered part of the intelligence community by law or executive order.

The language in the Boland Amendment that refers to "any other agency or entity of the United States involved in intelligence activities" is defined and conditioned by the authorizing legislati

Implicit in the Intelligence Authorization Act's designation o the "elements of the U.S. government" which conduct intelligence or intelligence related activities is the notion that these elements comprise the intelligence community. The NSC is not mentioned. (The language cited above is the same or similar to that employed in successive intelligence authorization acts dating from 1978 to the present.[6]).

In addition, the Executive Order 12333 does not recognize the NSC as part of the intelligence community. After discussing the intelligence community in general, the Executive Order identifie the agencies comprising the intelligence community as the Central Intelligence Agency, the Department of State, the Department of the Treasury, the Department of Defense (including the Defense Intelligence Agency, the National Security Agency, and intelligence elements of the Army, Navy, Air Force and Marine Corps), the Department of Energy, and the Federal Bureau of Investigation. In other words, E.O. 12333 identifies almost the same group of U.S. agencies as being in the intelligence community as does the Congress, and neither list includes the NSC.

c) The NSC does not function as a member of the intelligence community.

If the letter of the law does not include the NSC as a member of the intelligence community, neither does the spirit of the law. The successive laws that were enacted first to limit and ultimately (as of the Continuing Resolution of October 10, 1984) to prohibit the expenditure of funds to support the freedom fighters were meant to constrain members of the intelligence community. Although the NSC is identified as the "highest Executive Branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence," it is not an operational unit and is therefore not a member of the intelligence community and is not treated as such. The function of the NSC is to provide coordination of intelligence activities, not implement policy in an operational setting. All of the NSC's duties listed in the Executive Order 12333 denote a staff organization responsible for coordination, not an operational unit with responsibilities for carrying out tactical intelligence missions:

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[6] The acts are compiled in HOUSE PERMANENT SELECT COMMITTEE ON INTELLIGENCE, COMPILATION OF INTELLIGENCE LAWS AND RELATED LAWS AND EXECUTIVE ORDERS OF INTEREST TO THE NATIONAL INTELLIGENCE COMMUNITY, 98th Cong., 1st Sess. 95-123 (1983).

UNCLASSIFIED

> (a) Purpose. The National Security Council (NSC) was established by the National Security Act of 1947 to advise the President with respect to the integration of domestic, foreign and military policies relating to the national security. The NSC shall act as the highest Executive Branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence, counterintelligence, and special activities, and attendant policies and programs. [Emphasis added.]

Other public statements that define the organization and function of the NSC support the idea that it is a coordinating body with no operational role. For example, the description given to it by the House of Representatives report on the appropriations bill for FY 1985 states that

> The statutory function of the NSC is to advise the President with respect to the integration of domestic, foreign, and defense policies related to the national security. Subject to direction by the President, it is the responsibility of the Council to assess and appraise the objectives of the United States on matters of common interest to the departments and agencies of the Government, and to make such recommendations and such other reports to the President as it deems appropriate or as the President may require . . .
>
> The NSC Staff, the element funded by this budget request, is headed by the Executive Secretary, and provides day-to-day support for the President and his Assistant for National Security Affairs. It seeks to ensure that national security information provided to the President is responsive to his needs, and is properly coordinated among the departments and agencies within the Executive Office of the President. The Staff prepares the policy presentations; arranges meetings for the President and the Council on national security matters. [Emphasis added.][7]

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[7] H.R. REP. NO. 98-830, 98th Cong., 2d Sess. 34 (1984). See also the statement by the former Executive Secretary of the NSC concerning the coordinating function of the NSC in: TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 1986: HEARINGS BEFORE A SUBCOMMITTEE OF THE HOUSE COMMITTEE ON APPROPRIATIONS, 99th Cong., 1st Sess. 15-16 (1985) (Testimony of Robert M. Kimmitt, Executive Secretary of the National Security Council). One other argument that has been made that the NSC is subject to the Section 8066(a) prohibition is that the National Security Act of 1947 specifically established the CIA "under the National Security Council" and provides that CIA duties shall be carried out "under the direction of the National Security Council." (Sec. 102(a) and (d).) However, once again the distinction must be made between the functions: the NSC is the highest coordinating body, the CIA is an operational entity in the intelligence community.

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One can only conclude that successive acts of Congress as well as the Executive Order have not included the NSC in the Intelligence Community because it does not function as an operational unit. It is not by accident that the Intelligence Authorization Act for the last 7 years did not list the NSC as an organization conducting intelligence or intelligence related activities for which funds were being obligated. It was simply a recognition of the fundamental coordinating character of the NSC. It is a reasonable conclusion that the Boland Amendment was meant to apply to members of the intelligence community who carry out intelligence operations.

2. What Activities were Undertaken by the NSC?

Even if the NSC were covered by the prohibitions in the Boland Amendment, it appears that the law has not been violated by LtCol North. After reviewing NSC documents and interviewing North, the Board can report the following:

a) Contacts with the Contras: LtCol North had a considerable number of contacts with the leadership of the Nicaraguan democratic resistance both in Washington, D. C. and in Central America and elsewhere. However, we have seen no evidence that any of the contacts were illegal. North encouraged the leadership to get organized in a political sense so that they could present a united front in negotiations with the regime in Managua. This appears to be totally consonant with the stated policy preferences of Congress. It is also in keeping with the announced intention of the Nicaraguan opposition to start mediation as envisioned in the March 1, 1985 San Jose declaration.

He encouraged them to avoid atrocities and human rights violations. He gave them moral support during the period when U.S. support was halted and the administration was attempting to secure more funding for the freedom fighters. None of these activities violated the Boland Amendment.

b) Intelligence Gathering: During the time that LtCol North was in Central America and when he had contact with the Nicaraguan leadership in Washington, D. C. and elsewhere, he received information about conditions in Central America. It has never been suggested that the end of aid to the contras also meant an end to intelligence gathering. Previous legislation aimed at limiting U.S. support for the Nicaraguan freedom fighters explicitly stated that such limitations would not impede intelligence gathering,[8] and nothing in the public record on the current Boland Amendment suggests that it is intended to preclude such activities.

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[8] See, *e.g.*, H.R. REP. NO. 98-122, Pt 1, 98th Cong., 1st Sess. 14 (1983); and H.R. REP. NO. 98-122, Pt. 2, 98th Cong., 1st Sess. 3 (1983).

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c) Military Coordination: There have been allegations that LtCol North was involved in rendering military advice for tactical operations in Nicaragua. There is no evidence to support that contention. A review of NSC records and an interview with LtCol North has yielded no information that would suggest that he was providing support for military or paramilitary operations inside Nicaragua.

d) Fundraising: Allegations have been made that LtCol North raised funds for the Nicaraguan Democratic Resistance. Again, although North had a great deal of contact with private U.S. groups and individuals who have been supportive of the administration's Central America policy, there is no evidence that he engaged in fundraising. Contact with such groups would be impossible to avoid considering the active role North played in formulating and promoting the President's program. It is well known that he has given many public addresses over the past two years. When asked how a group or individual could contribute to the cause of freedom in Central America, he gave advice as to whom to contact. But a review of the records, interviews with LtCol North and the observation of the Board's Counsel over the last year have produced no evidence that he solicited funds for the Nicaraguan freedom fighters.[9]

Conclusion: From the evidence we have seen none of LtCol North's activities during the past year constitutes a violation of the Boland Amendment even if the amendment applies to the NSC, which we believe it does not.

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[9] We do not address the question whether LtCol North could legally have raised private funds for the Nicaraguan opposition. We note, however, that the Boland Amendment prohibits the use of public funds to support groups or individuals engaged in military or paramilitary operations in Nicaragua.

EXHIBIT BGS-9A

UNCLASSIFIED

N 3280

Several weeks ago allegations were made that the activities of LtCol Oliver North, the NSC action officer for Central America, violated the Boland Amendment. We initiated an investigation of the matter. This memorandum addresses two critical issues. The threshold issue is whether the NSC is an organization subject to the Boland Amendment. Secondly, if the NSC is subject to the Boland Amendment, is there evidence that activities undertaken by LtCol North violated that law.

1. Is the National Security Council covered by Section 8066(a) of the Continuing Resolution?

In a letter to the Assistant to the President for National Security Affairs, Congressman Michael Barnes raised the issue whether the National Security Council (NSC) is covered by the Boland Amendment.[1] He cites Section 8066(a) as prohibiting "the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the U.S. involved in intelligence activities" from supporting military operations by the freedom fighters in Nicaragua. Barnes claims that the NSC is covered by the statute: "It would be stretching the integrity of the law to suggest that this prohibition was not intended to cover the NSC." As evidence Barnes cites Executive Order 12333 which he says "describes the National Security Council as the highest government entity with responsibility for intelligence activities."

Whether the Boland Amendment applies to the NSC turns on the clarification of the NSC as an "agency or entity of the United States involved in intelligence activities" prohibited

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[1] Pub. L. No. 98-473, 98 STAT. 1935 (Section 8066(a) of the Continu
Resolution).

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from supporting the Nicaraguan democratic resistance [emphasis added]. On the face of it the NSC would appear to be an agency or entity of the United States covered by the amendment. The executive order cited by Congressman Barnes does refer to the NSC as "the highest Executive Branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence counterintelligence; and special activities, and attendent policies programs."[2] [Emphasis added.]

However, in spite of the use of nearly identical language in both E.O. 12333 and the Boland Amendment, the question remains whether the legislation applies to the NSC. An examination of the language of the current law as well as its legislative history indicates that the NSC is not covered by the prohibition.

a) The NSC is not covered by the language of the legislative prohibitions:

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> Sec. 801. No funds authorized to be appropriated by this Act or by the Intelligence Authorization Act for fiscal year 1984 (Public Law 98-215) may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement or individual, except to that extent provided and under ther terms and conditions specified by House Joint Resolution 648, making continuing appropriations for the fiscal year 1985, and for other purposes, as enacted.[3]

The funds that the Boland Amendment prohibits from being used to support the freedom fighters are funds that are authorized in this act. But according to the first section of that act the funds being authorized do not include funds allocated to the NSC. That section reads as follows:

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[2] Exec. Order No. 12333, §1.2a; 3 C.F.R. 201 (1982).
[3] H. J. Res. 648 includes section 8066(a).

(1) The Central Intelligence Agency.
(2) The Department of Defense.
(3) The Defense Intelligence Agency.
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(5) The Department of the Army, the Department of the Navy, and the Department of the Air Force
(6) The Department of State.
(7) The Department of the Treasury.
(8) The Department of Energy.
(9) The Federal Bureau of Investigation.
(10) The Drug Enforcement Administration.

The most likely conclusion is that the Boland Amendment prohibition, as incorporated in the Intelligence Authorization Act for FY 1985, applies only to the organizations named, not to the NSC. This is not to say that the appropriations legislation could not have been intended to include more organizations than those included in the Intelligence Authorization Act. Because the latter legislation incorporated the language of the appropriations act, Section 8066(a) could have included a larger number of government entities than merely those intelligence agencies listed in the authorization act. However, nothing in the record indicates that other entities were included.

If the intent was to include the NSC, that could have been easily done: Congressman Boland authored Section 8066(a) of the Continuing Resolution and was Chairman of the House Permanent Select Committee on Intelligence which defined the organizations which would be controlled by the Intelligence Authorization Act. If he had wanted the NSC to be restricted by the legislation, the specific prohibition could have been written into the act or made clear in the legislative history. Indeed, in order to ensure that DoD was adequately covered by the Boland Amendment, it was incorporated into the Department of Defense Appropriations Act for FY 1985.[4] (Once again, however, the prohibition in the Defense Appropriations Act applies only to the expenditure of DoD funds and not to the NSC, as the NSC is covered by separate legislation.[5])

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[4] Pub. L. No. 98-473, §8066(a); 98 STAT. 1935 (1984).

[5] See H.R. REP. NO. 98-830, 98th Cong., 2d Sess. 34 (1984). Although the NSC is not subject to the Boland Amendment prohibitions, nevertheless LtCol North might be, as he evidently is on a non-reimbursed detail from the Marine Corps. (If North's detail is reimbursed, however, then Congressional prohibitions would not apply.) However, in order to demonstrate that North has violated the law, substantive evidence would have to be presented that he engaged in activities prohibited by the Amendment. That issue is dealt with in the second section of this memorandum.

b) The NSC is not considered part of the intelligence community by law or executive order.

The language in the Boland Amendment that refers to "any other agency or entity of the United States involved in intelligence activities" is defined and conditioned by the authorizing legislation.

Implicit in the Intelligence Authorization Act's designation of the "elements of the U.S. government" which conduct intelligence or intelligence related activities is the notion that these elements comprise the intelligence community. The NSC is not mentioned. (The language cited above is the same or similar to that employed in successive intelligence authorization acts dating from 1978 to the present.[6]).

In addition, the Executive Order 12333 does not recognize the NSC as part of the intelligence community. After discussing the intelligence community in general, the Executive Order identifies the agencies comprising the intelligence community as the Central Intelligence Agency, the Department of State, the Department of the Treasury, the Department of Defense (including the Defense Intelligence Agency, the National Security Agency, and intelligence elements of the Army, Navy, Air Force and Marine Corps), the Department of Energy, and the Federal Bureau of Investigation. In other words, E.O. 12333 identifies almost the same group of U.S. agencies as being in the intelligence community as does the Congress, and neither list includes the NSC.

c) The NSC does not function as a member of the intelligence community.

If the letter of the law does not include the NSC as a member of the intelligence community, neither does the spirit of the law. The successive laws that were enacted first to limit and ultimately (as of the Continuing Resolution of October 10, 1984) to prohibit the expenditure of funds to support the freedom fighters were meant to constrain members of the intelligence community. Although the NSC is identified as the "highest Executive Branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence," it is not an operational unit and is therefore not a member of the intelligence community and is not treated as such. The function of the NSC is to provide coordination of intelligence activities, not implement policy in an operational setting. All of the NSC's duties listed in the Executive Order 12333 denote a staff organization responsible for coordination, not an operational unit with responsibilities for carrying out tactical intelligence missions:

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> (a) Purpose. The National Security Council (NSC) was established by the National Security Act of 1947 to advise the President with respect to the integration of domestic, foreign and military policies relating to the national security. The NSC shall act as the highest Executive Branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence, counterintelligence, and special activities, and attendant policies and programs. [Emphasis added.]

Other public statements that define the organization and function of the NSC support the idea that it is a coordinating body with no operational role. For example, the description given to it by the House of Representatives report on the appropriations bill for FY 1985 states that

> The statutory function of the NSC is to advise the President with respect to the integration of domestic, foreign, and defense policies related to the national security. Subject to direction by the President, it is the responsibility of the Council to assess and appraise the objectives of the United States on matters of common interest to the departments and agencies of the Government, and to make such recommendations and such other reports to the President as it deems appropriate or as the President may require . . .
>
> The NSC Staff, the element funded by this budget request, is headed by the Executive Secretary, and provides day-to-day support for the President and his Assistant for National Security Affairs. It seeks to ensure that national security information provided to the President is responsive to his needs, and is properly coordinated among the departments and agencies within the Executive Office of the President. The Staff prepares the policy presentations; arranges meetings for the President and the Council on national security matters. [Emphasis added.][7]

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[7] H.R. REP. NO. 98-830, 98th Cong., 2d Sess. 34 (1984). See also the statement by the former Executive Secretary of the NSC concerning the coordinating function of the NSC in: TREASURY, POSTAL SERVICE, AND GENERAL GOVERNMENT APPROPRIATIONS FOR FISCAL YEAR 1986: HEARINGS BEFORE A SUBCOMMITTEE OF THE HOUSE COMMITTEE ON APPROPRIATIONS, 99th Cong., 1st Sess. 15-16 (1985) (Testimony of Robert M. Kimmitt, Executive Secretary of the National Security Council). One other argument that has been made that the NSC is subject to the Section 8066(a) prohibition is that the National Security Act of 1947 specifically established the CIA "under the National Security Council" and provides that CIA duties shall be carried out "under the direction of the National Security Council." (Sec. 102(a) and (d).) However, once again the distinction must be made between the functions: the NSC is the highest coordinating body, the CIA is an operational entity in the intelligence community.

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He encouraged them to avoid atrocities and human rights violations. He gave them moral support during the period when U.S. support was halted and the administration was attempting to secure more funding for the freedom fighters. None of these activities violated the Boland Amendment.

b) Intelligence Gathering: During the time that LtCol North was in Central America and when he had contact with the Nicaraguan leadership in Washington, D. C. and elsewhere, he received informatio about conditions in Central America. It has never been suggested that the end of aid to the contras also meant an end to intelligence gathering. Previous legislation aimed at limiting U.S. support for the Nicaraguan freedom fighters explicitly stated that such limitations would not impede intelligence gathering,[8] and nothing in the public record on the current Boland Amendment suggests that it is intended to preclude such activities.

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[8] See, e.g., H.R. REP. NO. 98-122, Pt 1, 98th Cong., 1st Sess. 14 (1983); and H.R. REP. NO. 98-122, Pt. 2, 98th Cong., 1st Sess. 3 (1983).

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c) Military Coordination: There have been allegations that LtCol North was involved in rendering military advice for tactical operations in Nicaragua. There is no evidence to support that contention. A review of NSC records and an interview with LtCol North has yielded no information that would suggest that he was providing support for military or paramilitary operations inside Nicaragua.

d) Fundraising: Allegations have been made that LtCol North raised funds for the Nicaraguan Democratic Resistance. Again, although North had a great deal of contact with private U.S. groups and individuals who have been supportive of the administration's Central America policy, there is no evidence that he engaged in fundraising. Contact with such groups would be impossible to avoid considering the active role North played in formulating and promoting the President's program. It is well known that he has given many public addresses over the past two years. When asked how a group or individual could contribute to the cause of freedom in Central America, he gave advice as to whom to contact. But a review of the records, interviews with LtCol North and the observation of the Board's Counsel over the last year have produced no evidence that he solicited funds for the Nicaraguan freedom fighters.[9]

Conclusion: From the evidence we have seen none of LtCol North's activities during the past year constitutes a violation of the Boland Amendment even if the amendment applies to the NSC, which we believe it does not.

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[9] We do not address the question whether LtCol North could legally have raised private funds for the Nicaraguan opposition. We note, however, that the Boland Amendment prohibits the use of public funds to support groups or individuals engaged in military or paramilitary operations in Nicaragua.

UNCLASSIFIED

EXHIBIT BGS-10

PUBLIC LAW 98-618 [H.R. 5399]; November 8, 1984

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1985

An Act to authorize appropriations for fiscal year 1985 for intelligence and intelligence-related activities of the United States Government, the Intelligence Community Staff, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

Intelligence Authorization Act for fiscal year 1985.
Defense and national security.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Intelligence Authorization Act for fiscal year 1985".

TITLE I—INTELLIGENCE ACTIVITIES

AUTHORIZATION OF APPROPRIATIONS

SEC. 101. Funds are hereby authorized to be appropriated for fiscal year 1985 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

(1) The Central Intelligence Agency.
(2) The Department of Defense.
(3) The Defense Intelligence Agency.
(4) The National Security Agency.
(5) The Department of the Army, the Department of the Navy, and the Department of the Air Force.
(6) The Department of State.
(7) The Department of the Treasury.
(8) The Department of Energy.
(9) The Federal Bureau of Investigation.
(10) The Drug Enforcement Administration.

CLASSIFIED SCHEDULE OF AUTHORIZATIONS

SEC. 102. The amounts authorized to be appropriated under section 101, and the authorized personnel ceilings as of September 30, 1985, for the conduct of the intelligence and intelligence-related activities of the elements listed in such section, are those specified in the classified Schedule of Authorizations prepared by the Select Committee on Intelligence of the Senate, as amended by agreement of the Permanent Select Committee on Intelligence of the House of Representatives and the Select Committee on Intelligence of the Senate. That Amended Schedule of Authorizations, dated October 4, 1984, signed by the Chairman and Vice Chairman of the Select Committee on Intelligence of the Senate and the Chairman and Ranking Minority Member of the Permanent Select Committee on Intelligence of the House of Representatives, and on file at the offices of those committees, shall be made available to the Committees on Appropriations of the Senate and the House of Representatives, and to the President. The President shall provide for suitable distribution of the amended schedule, or of appropriate portions of the amended schedule, within the executive branch.

President of U.S.

TITLE VII—GENERAL PROVISIONS

AUTHORITY FOR THE CONDUCT OF INTELLIGENCE ACTIVITIES

SEC. 701. The authorization of appropriations by this Act shall not be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise authorized by the Constitution or laws of the United States.

INCREASES IN EMPLOYEE BENEFITS AUTHORIZED BY LAW

SEC. 702. Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such benefits authorized by law.

TITLE VIII—ACTIVITIES IN NICARAGUA

MILITARY OR PARAMILITARY ACTIVITIES

97 Stat. 1473.

Ante, p. 1837.

SEC. 801. No funds authorized to be appropriated by this Act or by the Intelligence Authorization Act for fiscal year 1984 (Public Law 98-215) may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual, except to the extent provided and under the terms and conditions specified by House Joint Resolution 648, making continuing appropriations for the fiscal year 1985, and for other purposes, as enacted.

Approved November 8, 1984.

LEGISLATIVE HISTORY—H.R. 5399 (S. 2713):

HOUSE REPORTS: No. 98-743, Pt. 1 (Permanent Select Comm. on Intelligence) and Pt. 2 (Comm. on Armed Services).

SENATE REPORTS: No. 98-481 (Select Comm. on Intelligence) and No. 98-543 (Comm. on Foreign Relations), both accompanying S. 2713.

CONGRESSIONAL RECORD, Vol. 130 (1984):

Aug. 2, considered and passed House.

Oct. 11, considered and passed Senate, amended, in lieu of S. 2713; House concurred in Senate amendment.

WEEKLY COMPILATION OF PRESIDENTIAL DOCUMENTS, VOL. 20, No. 45 (1984):

Nov. 9, Presidential statement.

EXHIBIT BGS-11

PUBLIC LAW 98-473 [H.J.Res. 648]; October 12, 1984

CONTINUING APPROPRIATIONS, 1985—COMPREHENSIVE CRIME CONTROL ACT OF 1984

For Legislative History of Act, see p. 3182

Joint Resolution making continuing appropriations for the fiscal year 1985, and for other purposes.

TITLE I

That the following sums are hereby appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government for the fiscal year 1985, and for other purposes, namely:

Agriculture, rural development appropriations.

SEC. 101. (a) Such sums as may be necessary for programs, projects, or activities provided for in the Agriculture, Rural Development and Related Agencies Appropriation Act, 1985 (H.R. 5743), to the extent and in the manner provided for in the conference report and joint explanatory statement of the Committee of Conference (House Report Numbered 98-1071), filed in the House of Representatives on September 25, 1984, as if such Act had been enacted into law.

D.C. appropriations.

(b) Such sums as may be necessary for programs, projects, or activities provided for in the District of Columbia Appropriation Act, 1985 (H.R. 5899), to the extent and in the manner provided for in the conference report and joint explanatory statement of the Committee of Conference (House Report Numbered 98-1088), filed in the House of Representatives on September 26, 1984, as if such Act had been enacted into law.

Post, p. 1838.

(c) Such amounts as may be necessary for programs, projects or activities provided for in the Department of the Interior and Related Agencies Appropriations Act, 1985, at a rate of operations and to the extent and in the manner provided as follows, to be effective as if it had been enacted into law as the regular appropriation Act:

[redacted]

Army Reserve, Army National Guard or Air National Guard occupied by, or programed to be occupied by, persons in an active Guard or Reserve status: *Provided further*, That none of the funds appropriated by this Act may be used to include (civilian) military technicians in computing civilian personnel ceilings, including statutory or administratively imposed ceilings, on activities in support of the Army Reserve, Air Force Reserve, Army National Guard or Air National Guard.

SEC. 8064. (a) The provisions of section 138(c)(2) of title 10, United States Code, shall not apply with respect to fiscal year 1985 or with respect to the appropriation of funds for that year.

(b) During fiscal year 1985, the civilian personnel of the Department of Defense may not be managed on the basis of any end-strength, and the management of such personnel during that fiscal year shall not be subject to any constraint or limitation (known as an end-strength) on the number of such personnel who may be employed on the last day of such fiscal year.

(c) The fiscal year 1986 budget request for the Department of Defense as well as all justification material and other documentation supporting the fiscal year 1986 Department of Defense budget request shall be prepared and submitted to the Congress as if sections (a) and (b) of this provision were effective with regard to fiscal year 1986.

(TRANSFER OF FUNDS)

SEC. 8065. Appropriations or funds available to the Department of Defense during the current fiscal year may be transferred to appropriations provided in this Act for research, development, test, and evaluation to the extent necessary to meet increased pay costs authorized by or pursuant to law, to be merged with and to be available for the same purposes, and the same time period, as the appropriation to which transferred.

SEC. 8066. (a) During fiscal year 1985, no funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual. Nicaragua.

(b) The prohibition concerning Nicaragua contained in subsection (a) shall cease to apply if, after February 28, 1985—

(1) the President submits to Congress a report— Report.

(A) stating that the Government of Nicaragua is providing material or monetary support to anti-government forces engaged in military or paramilitary operations in El Salvador or other Central American countries;

(B) analyzing the military significance of such support;

(C) stating that the President has determined that assistance for military or paramilitary operations prohibited by subsection (a) is necessary;

(D) justifying the amount and type of such assistance and describing its objectives; and

(E) explaining the goals of United States policy for the Central American region and how the proposed assistance would further such goals, including the achievement of peace and security in Central America through a compre-

hensive, verifiable and enforceable agreement based upon the Contadora Document of Objectives; and

(2) a joint resolution approving assistance for military or paramilitary operations in Nicaragua is enacted.

(c)(1) For the purpose of subsection (b)(2), "joint resolution" means only a joint resolution introduced after the date on which the report of the President under subsection (b)(1) is received by Congress, the matter after the resolving clause of which is as follows: "That the Congress approves the obligation and expenditure of funds available for fiscal year 1985 for supporting, directly or indirectly, military or paramilitary operations in Nicaragua.".

(2) The report described in subsection (b)(1) shall be referred to the appropriate committee or committees of the House of Representatives and to the appropriate committee or committees of the Senate.

(3) A resolution described in paragraph (1) introduced in the House of Representatives shall be referred to the Committee on Appropriations of the House of Representatives. A resolution described in paragraph (1) introduced in the Senate shall be referred to the Committee on Appropriations of the Senate. Such a resolution may not be reported before the eighth day after its introduction.

(4) If the committee to which is referred a resolution described in paragraph (1) has not reported such resolution (or an identical resolution) at the end of fifteen calendar days after its introduction, such committee shall be discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar of the House involved.

(5)(A) When the committee to which a resolution is referred has reported, or has been deemed to be discharged (under paragraph (4)) from further consideration of, a resolution described in paragraph (1), notwithstanding any rule or precedent of the Senate, including Rule 22, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the resolution, and all points of order against the resolution (and against consideration of the resolution) are waived. The motion is highly privileged in the House of Representatives and is privileged in the Senate and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the resolution shall remain the unfinished business of the respective House until disposed of.

(B) Debate on the resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to is not in order.

(C) Immediately following the conclusion of the debate on a resolution described in paragraph (1), and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final passage of the resolution shall occur.

(D) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution described in paragraph (1) shall be decided without debate.

(6) If, before the passage by the Senate of a resolution of the Senate described in paragraph (1), the Senate receives from the House of Representatives a resolution described in paragraph (1), then the following procedures shall apply:

(A) The resolution of the House of Representatives shall not be referred to a committee.

(B) With respect to a resolution described in paragraph (1) of the Senate—

(i) the procedure in the Senate shall be the same as if no resolution had been received from the House; but

(ii) the vote on final passage shall be on the resolution of the House.

(C) Upon disposition of the resolution received from the House, it shall no longer be in order to consider the resolution originated in the Senate.

(7) If the Senate receives from the House of Representatives a resolution described in paragraph (1) after the Senate has disposed of a Senate originated resolution, the action of the Senate with regard to the disposition of the Senate originated resolution shall be deemed to be the action of the Senate with regard to the House originated resolution.

(8) This subsection is enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a resolution described in paragraph (1), and it supersedes other rules only to the extent that it is inconsistent with such rules; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(d) During fiscal year 1985 funds approved by the resolution described in subsection (b)(2) for the purpose of supporting, directly or indirectly, military or paramilitary operations in Nicaragua, shall not exceed $14,000,000. Nicaragua.

SEC. 8067. So far as may be practicable, Indian labor shall be employed, and purchases of the products of Indian industry may be made in open market in the discretion of the Secretary of Defense: *Provided*, That the products must meet pre-set contract specifications. Indians.

SEC. 8068. None of the funds made available by this Act shall be used in any way for the leasing to non-Federal agencies in the United States aircraft or vehicles owned or operated by the Department of Defense when suitable aircraft or vehicles are commercially available in the private sector: *Provided*, That nothing in this section shall affect authorized and established procedures for the sale of surplus aircraft or vehicles: *Provided further*, That nothing in this section shall prohibit such leasing when specifically authorized in a subsequent Act of Congress.

SEC. 8069. None of the funds made available by this Act shall be used in any way, directly or indirectly, to influence congressional Lobbying.

(B) provide assurances that any assistance received under sections 402 to 409 shall not be used as a source for non-Federal funds for the matching requirements of any other provision of Federal law; and

Records. Reports.

(C) provide for keeping records and making such reasonable reports as the Secretary deems essential to carry out the purposes and provisions of sections 402 to 409.

(2) The Secretary shall approve any application that meets the requirements of this subsection, and the Secretary shall not disapprove any such application except after reasonable notice of the Secretary's intention to disapprove and opportunity for a hearing with respect to the disapproval.

WITHHOLDING

State and local governments. 42 USC 5116e.

SEC. 407. Whenever the Secretary, after reasonable notice to any State and opportunity for hearing within the State, finds that there has been a failure to comply with any provision of sections 402 to 409, the Secretary shall notify the State that further payments will not be made under sections 402 to 409 until the Secretary is satisfied that there is no longer any such failure to comply. Until the Secretary is so satisfied, no further payments shall be made under sections 402 to 409.

AUDIT

42 USC 5116f.

SEC. 408. The Comptroller General of the United States, and any of his duly authorized representatives, shall have access for the purpose of audit and examination to any books, documents, papers, and records of any applicant and any other entity receiving assistance under sections 402 to 409 that are pertinent to the sums received and disbursed under sections 402 to 409.

REPORT

42 USC 5116g.

SEC. 409. The Secretary shall prepare and submit to the Congress at the end of each year a compilation and analysis of any reports submitted by eligible States under section 6(b)(1)(C).

Approved October 12, 1984.

LEGISLATIVE HISTORY—H.J. Res. 648 (S.J. Res. 356):

HOUSE REPORTS: No. 98-1030 (Comm. on Appropriations) and No. 98-1159 (Comm. of Conference).

SENATE REPORT No. 98-634 accompanying S.J. Res. 356 (Comm. on Appropriations).

CONGRESSIONAL RECORD, Vol. 130 (1984):
- Sept. 25, considered and passed House.
- Sept. 27-29, Oct. 1-4, considered and passed Senate, amended.
- Oct. 10, House agreed to conference report; receded from its disagreement and concurred in a certain Senate amendment.
- Oct. 11, Senate agreed to conference report.

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count, the conferees have provided $344.5 million as contained in the Senate bill. This amount will permit two more C-130 PILOC's to be performed, and will also permit a total of $73 million to be used for the 378-foot cutter renovation and modernization program. I would mention that the conferees also agreed to accept a Senate amendment providing $2 million for a lighthouse at Nantucket Island.

For the FAA, the conference agreement provide $1.37 billion for the facilities and equipment account. This amount will permit the vital airspace modernization program to move forward.

For grants in aid for airports, we have provided $925 million, instead of the $800 million in the House bill and $987 million in the Senate bill. This is $125 million more than was provided last year, and will help reduce the more than $2 billion of approved, unfunded airport improvement projects.

For railroad-highway crossings demonstration projects, we were obliged to agree with the Senate figure of $15 million, which was also the number in the House-passed continuing resolution. We had originally, in H.R. 5921, proposed some $48 million for this program, and in the reduction some worthwhile projects unfortunately had to be squeezed. If we can get our regular bill out next year, perhaps we will be able to do better.

Among the projects funded under this program are ones at Lafayette, IN, $7 million and Lincoln, NE, $1.8 million.

I know that my friends from Colorado have been concerned about the interstate transfer grants for highways, which funds the critical C-470 project in Denver. We have provided for a total program level of $33.3 million for that project.

Under the Federal Railroad Administration, we accepted the Senate figure of $1.9 milllion for rail safety grants, and appropriated $15.5 million for railroad research and development. Of that amount, the Department is expected to follow the House earmarking of funds for continuation of a rail maintenance study by MIT, under the direction of a company with experience in that field.

For the Northeast Corridor Improvement Program [NECIP], we have provided $27.8 million. This will provide first-year funding for the four highest priority items on the so-called 310 list.

The conferees have provided $684 million for Amtrak, of which up to $4 million is for Amtrak's Northeast corridor bridge over the Bush River in Maryland. This is a case where the Coast Guard has imposed bridge opening requirements on Amtrak, which are increasingly expensive and injurious to Amtrak's schedule. These funds will permit the automation of the bridge mechanism. The conferees have made clear that the current bridge opening schedule is not to be expanded after completion of the bridge improvements.

I know that a number of my colleagues have been concerned about Amtrak's West Side connection project in New York. The conferees agreed to the Senate "non-Amtrak" share language, permitting non-Amtrak Federal funds to be counted against the local share up to a maximum total project cost of $50 million, exclusive of right of way acquisition. If the total project cost exceeds $50 million, a more rigorous definition of local funds should be used for the remainder.

New loan guarantee commitments under the section 511 railroad loan guarantee program were limited to $2.5 million.

For mass transit, we have provided $2.45 billion in formula grants, which is $60 million above the budget request. In addition, we have provided for the authorized level of $875 million of these funds to be used for operating assistance.

For new starts, we have provided $422.5 million. This includes $95 million for Atlanta, $117.2 million for Los Angeles, $35 million for Houston, and $2.7 million for light rail.

As indicated in the statement of managers, the conferees are aware that the total cost of completing all of these projects greatly exceeds the funds that are likely to be available. Clearly some way will have to be found to bring the demand for such systems into line with available resources.

The Urban Mass Transportation Administration has published for comment certain criteria to be used in evaluating these proposed new start and extension projects. I believe that this is a worthwhile effort, and one that should be encouraged. It is my hope that over the next several months the Department will consult closely with interested Members of Congress and the appropriate congressional committees, as well as with members of the transit community, in arriving at a final set of consensus criteria. These criteria should be of great value to the Congress as it makes the difficult funding decisions on these projects in the years to come.

For interstate transfer transit grants, the conferees have provided slightly over $13.1 million for Boston, $130.7 million for Chicago, and almost $23 million for Hartford.

For the Interstate Commerce Commission, we have provided the Senate figure of $48 million, which includes funds for the Office of Special Counsel. It may be that we have cut this amount too close to the bone, and I am sure that we would be willing to consider a supplemental if the Commission finds that one is necessary.

Finally, Mr. Speaker, we have included language that prohibits the Department from planning or implementing any change in the current Federal status of the Transportation Systems Center in Cambridge, MA. I hope that this puts to rest, once and for all, any attempt to shut down this outstanding facility and research resource.

Mr. Speaker, for the Treasury-Postal chapter of the continuing resolution, the conference agreement included the provisions of the conference report for H.R. 5798, the Treasury-Postal Service appropriations bill for fiscal year 1985, as amended in House Joint Resolution 648, with two exceptions. First, the conferees agreed to accept a Senate amendment, originally stricken on a point of order, to exempt custom gunmakers from excise tax regulations if they produce less than 50 firearms per year. Second, this agreement includes an amendment to waive the duty requirements for articles necessary for the installation and operation of a telescope in Arizona. During the installation, parts must be sent back and forth to Europe for adjustment and repairs.

The conferees also agreed to accept all amendments adopted by the Senate during the consideration of the continuing resolution. These amendments include a sense of the Senate resolution concerning the conduct of voter registration drives, clarifying language on the customs amendment concerning duty free shops, an additional $3.611 million for the renovation of Blair House, an additional $350,000 for the construction of a road to service the San Luis, AZ, boarder station, technical changes to a provision included in last year's continuing resolution relating to moving expenses for the Senior Executive Service and finally a provision directing certain changes in the SMSA of St. Louis, MO.

This is a fair compromise with acceptable funding levels, I hope that all Members will report these provisions.

Mr. WHITTEN. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. BOLAND], the ranking member of the committee.

[illegible] BOLAND asked and was given [illegible] to revise and extend his re[illegible].

Mr. BOLAND. Mr. Speaker, the compromise which we have worked out on Nicaragua preserves the House position with one proviso. No funds may be spent on the secret war in Nicaragua until February 28, 1985. Thereafter if the President certifies that Nicaragua is supporting anti-government forces in any other country in Central America, and if he requests more funds for the war, a vote is guaranteed on a joint resolution providing such funds. This is an MX-type guaranteed vote—an expedited process that ensures a vote on the President's request.

The joint resolution, if approved by both Houses, would remove the prohibition on the use of already appropriated funds for the war. In any event, no more than $14 million could be ent during the balance of the fiscal year.

This approach goes as far as I believe the strong House position would permit. Only if Congress affirmatively provides for a renewal of funding for the war could any funds be used for that purpose.

Let me make very clear that this prohibition applies to all funds available in fiscal year 1985 regardless of any accounting procedure at any agency. It clearly prohibits any expenditure, including those from accounts for salaries and all support costs. The prohibition is so strictly written that it also prohibits transfers of equipment acquired at no cost.

The compromise allows the President and the Congress to see how several key matters develop in the next 5 months. Those are: Proposed talks between the Government of El Salvador and the Salvadoran rebels, the continued bilateral talks between the United States and Nicaragua, the resolution of the Contadora Draft Treaty, and the Nicaraguan elections. The President—whoever he may be—will no doubt take into account events affecting these four matters if he makes a request for funds. If he does make a request, it will be a new Congress, a new Intelligence Committee and those new facts which will influence the action of the House and Senate.

To repeat, the compromise provision clearly ends U.S. support for the war in Nicaragua. Such support can only be renewed if the President can convince the Congress that this very strict prohibition should be overturned.

Mr. LIVINGSTON. Mr. Speaker, will the gentleman yield for a couple of questions?

Mr. BOLAND. I am delighted to yield to the gentleman from Louisiana.

Mr. LIVINGSTON. Mr. Speaker, would the gentleman enlighten me: Does this prohibition prevent any expenditure of funds, direct or indirect, for arms or weapons or use of force in Nicaragua by the United States?

Mr. BOLAND. If it is directed against the Government of Nicaragua, the answer would be in the affirmative, yes.

Mr. LIVINGSTON. Are there no exceptions to this prohibition?

Mr. BOLAND. There are no exceptions to the prohibition.

Mr. LIVINGSTON. So in the unlikely event that tanks were to roll from Nicaragua into Honduras, the United States would be prohibited from taking any action; is that correct?

Mr. BOLAND. Insofar as activities inside Nicaragua are concerned. That is correct. We could, of course, help inside Honduras.

Mr. LIVINGSTON. I thank the gentleman for enlightening me.

Mr. CONTE. Mr. Speaker, I yield such time as he may consume to my good friend, the gentleman from Wisconsin [Mr. PETRI].

(Mr. PETRI asked and was given permission to revise and extend his remarks.)

Mr. PETRI. Mr. Speaker, I rise to draw attention to one portion of the continuing resolution, a Senate amendment on Juvenile Justice, Runaway Youth, and Missing Children. This provision, which passed the House on October 2 as title XXII of H.R. 5690, was the result of hours of negotiations between House and Senate staff representing dozens of Members interested in this legislation from both parties. As a coauthor of H.R. 4971—the original House-passed version of this provision—I was actively involved in those negotiations and support this compromise provision. My earlier floor statements on H.R. 5690 and H.R. 4971 apply equally to the present provision.

Perhaps the most popular section of this legislation is a new initiative to locate abducted children and return them to their families. This is not intended to be a starry-eyed project to track down runaways or cure every problem of childhood. There's not enough money in the Federal Treasury to do that. There will always be kids like Huck Finn in our society, and the Federal Government could not stop them even if it wanted to. But there is a proper role for the Justice Department to combat the kidnapping of children, especially when the abducted children face the risk of sexual abuse or exploitation, torture and even murder.

This may seem like a remote problem to some people, but it is not. Testimony before my subcommittee showed that it is, instead, a random problem that can strike anywhere. One day it's newspaper curriers in Des Moines. Another day it's black children in Atlanta. Yet another day it's young Adam Walsh in Florida. When such abductions occur, they can destroy a family and tear apart a community. We can and should do what we can to combat this problem. The Missing Children's provision in the continuing resolution does this by establishing a national resource center and clearinghouse to provide technical assistance and otherwise coordinate public and private efforts to locate missing children. We must do at least this for our missing children and their families.

The bill also reauthorizes the Juvenile Justice and Delinquency Prevention Act. As you well know, that act has played a vital role in separating youthful offenders from adults in jails. It has also funded research and demonstration projects for treating juvenile delinquency and controlling juvenile delinquents. This legislation continues these efforts while making a variety of administrative and substantive changes. One of these is especially important for the family.

Throughout the bill, new emphasis is focused on addressing the problem of juvenile delinquency in the context of the family by directing program grants and training in this direction. When dealing with delinquent youth, the family can often be the source of either the problem or the solution. In many cases, grandparents can be especially valuable resources in correcting a troubled young person. By supporting local projects designed to tap these resources, this legislation should help rebuild broken families.

Further, let me note that this provision includes the continuation and implementation of the coordinated, National Law-Related Education Program developed and evaluated by the National Institute for Juvenile Justice and Delinquency Prevention. The program has demonstrated that law-related education can help reduce delinquency when properly implemented.

The Law-Related Education Program has been developed largely by five national organizations—the Constitutional Rights Foundation, Law in a Free Society, the National Institute for Citizen Education in the Law, the American Bar Association, and the Phi Alpha Delta Law Fraternity. Support from the Office of Juvenile Justice has enabled these groups to obtain vast experience and expertise in the development and implementation of successful delinquency prevention programs used in a number of States, including my own.

In Wisconsin, the Department of Public Instruction has worked to help establish law-related education programs in over 30 individual school districts. These programs can be found in Appleton, Neenah, White Fish Bay, Janesville, and other locations. In addition, the Wisconsin Bar Foundation sponsors an effective law-related education program called "Project Inquiry."

Law-related education has become an important educational program nationwide. Our action today in including this program in the Juvenile Justice reauthorization guarantees that the momentum of this program will not be lost and that this coordinated national effort will be able to continue.

In a field where failure has been more common than success, law-related education has proven to be a rare exception, an example of a delinquency prevention strategy that works.

Mr. CONTE. Mr. Speaker, I yield 5 minutes to my good friend, the gentleman from Michigan, Mr. HAL SAWYER, who will give us his last speech in the House of Representatives here tonight.

(Mr. SAWYER asked and was given permission to revise and extend his remarks.)

Mr. SAWYER. Mr. Speaker, I want to say that attached to this continuing resolution, kind of as the tail on the dog, if you will, though I do not want to so characterize the continuing resolution, is the biggest crime package that as far as my staff can research has ever passed the Congress of the United States, approximately 60 bills.

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eign government that engages in intelligence activities within the United States harmful to the national security of the United States and the respective numbers, status, privileges and immunities, travel, accommodations, and facilities within such country of official representatives of the United States to such country, and any action which may have been taken with respect thereto.

(c) Section 303 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 4303) is amended—

(1) in subsection (a) by striking out the fifth sentence; and

(2) by amending subsection (b) to read as follows:

"(b) There shall also be a Deputy Director of the Office of Foreign Missions. Either the Director or the Deputy Director of such Office shall be an individual who has served in the United States Foreign Service, while the other of the two shall be an individual who has served in the United States Intelligence Community."

(d) The amendments made by subsection (c) shall apply only with respect to any appointment of a Director or Deputy Director of the Office of Foreign Missions, as the case may be, after the date of enactment of this section.

TITLE VII—GENERAL PROVISIONS

AUTHORITY FOR THE CONDUCT OF INTELLIGENCE ACTIVITIES

SEC. 701. The authorization of appropriations by this Act shall not be deemed to constitute authority for the conduct of any intelligence activity which is not otherwise authorized by the Constitution or laws of the United States.

INCREASES IN EMPLOYEE BENEFITS AUTHORIZED BY LAW

SEC. 702. Appropriations authorized by this Act for salary, pay, retirement, and other benefits for Federal employees may be increased by such additional or supplemental amounts as may be necessary for increases in such benefits authorized by law.

TITLE VIII—ACTIVITIES IN NICARAGUA

MILITARY OR PARAMILITARY ACTIVITIES

SEC. 801. No funds authorized to be appropriated by this Act or by the Intelligence Authorization Act for fiscal year 1984 (Public Law 98-215) may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual, except to the extent provided and under the terms and conditions specified by House Joint Resolution 648, making continuing appropriations for the [illegible] purposes, as enacted.

Mr. BOLAND (during the reading). Mr. Speaker, I ask unanimous consent that the Senate amendment be considered as read and printed in the RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Massachusetts?

Mr. ROBINSON. Mr. Speaker, I reserve the right to object.

(Mr. ROBINSON asked and was given permission to revise and extend remarks, and include extraneous material.)

Mr. ROBINSON. Mr. Speaker, I reserve the right to object, to give the gentleman from Massachusetts an opportunity to explain the Senate amendments.

Mr. BOLAND. Will the gentleman yield?

Mr. ROBINSON. I yield to the gentleman.

Mr. BOLAND. Mr. Speaker, the Senate amendments to H.R. 5399 reflect an agreement reached between the Permanent Select Committee on Intelligence and the Senate Select Committee on Intelligence on all budgetary and legislative matters contained in H.R. 5399, the House version of the intelligence authorization bill for fiscal year 1985 and S. 2713, the Senate version of that bill.

Further, the Senate amendments are fully consistent with those amounts authorized by the fiscal year 1985 Defense Authorization Conference Report for all those tactical intelligence and related activities programs, jointly authorized, by the Intelligence and Armed Services Committees.

Because of the Senate's failure to move earlier on the House-passed bill, the committees were forced to agree in advance, but without formal conference, on all those matters at issue.

Such an agreement has been reached.

As everyone here understands, the reason that it has been held up until this moment is because of the House bill's prohibition on U.S. assistance to the insurgents in Nicaragua.

The Senate amendment solves this issue by incorporating by reference the compromise agreement reached in the continuing resolution on Nicaragua.

It also reflects agreement on provisions authorizing the CIA to designate special police for the protection of their facilities over which the U.S. Government has acquired proprietarial, concurrent, or exclusive jurisdiction.

It contains language expressing the sense of Congress that the numbers, status, and privileges of diplomats of foreign countries who engage in intelligence activities in this country harmful to our interest should not exceed the comparable number, status, and privileges of U.S. diplomats in those countries.

Finally, it provides important new personnel authorities to the Defense Intelligence Agency to enable that Agency to configure its personnel system in ways similar to the personnel systems at the CIA and NSA.

Mr. Speaker, at this point, I ask unanimous consent that a detailed description of the provisions of the Senate amendment be made a part of the RECORD.

This statement should serve in lieu of a statement of managers language that would have accompanied a conference report, had a conference occurred between the two bodies.

Let me finish with a more detailed description of the Nicaragua compromise incorporated by reference into the bill.

Mr. Speaker, the compromise which we have worked out on Nicaragua preserves the House position with one proviso.

No funds may be spent on the secret war in Nicaragua until February 28, 1985.

Thereafter if the President certifies that Nicaragua is supporting anti-Government forces in any other country in Central America, and if he requests more funds for the war, a vote is guaranteed on a joint resolution providing such funds.

This is an MX-type guaranteed vote—an expedited process that ensures a vote on the President's request.

The joint resolution, if approved by both Houses, would remove the prohibition on the use of already appropriated funds for the war.

In any event, no more than $14 million could be spent during the balance of the fiscal year.

This approach goes as far as I believe the strong House position would permit.

Only if Congress affirmatively provides for a renewal of funding for the war could any funds be used for that purpose.

Let me make very clear that this prohibition applies to all funds available in fiscal year 1985 regardless of any accounting procedure at any agency.

It clearly prohibits any expenditure, including those from accounts for salaries and all support costs.

The prohibition is so strictly written that it also prohibits transfers of [illegible] acquired at no cost.

The compromise allows the President and the Congress to see how several key matters develop in the next 5 months.

Those are: Proposed talks between the Government of El Salvador and the Salvadorean rebels, the continued bilateral talks between the United States and Nicaragua, the resolution of the Contadora Draft Treaty, and the Nicaraguan elections.

The President—whoever he may be—will no doubt take into account events affecting these four matters if he makes a request for funds.

If he does make a request, it will be a new Congress, a new Intelligence Committee and those new facts which will influence the action of the House and Senate.

To repeat, the compromise provision clearly ends U.S. support for war in Nicaragua.

Such support can only be renewed if the President can convince the Congress that this very strict prohibition should be overturned.

Mr. ROBINSON. Continuing my reservation, Mr. Speaker, I support the motion to concur in the Senate amendments to H.R. 5399, the Intelligence Authorization Act for fiscal year 1985.

The bill authorizes appropriations for fiscal year 1985 for the conduct of intelligence and intelligence-related activities by the departments and

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EXECUTIVE ORDERS

by the Secretary of the Treasury in accordance with guidelines and procedures established by the Administrator of General Services.

(b) The Committee shall terminate on December 31. 1982, unless sooner extended.

THE WHITE HOUSE,
November 10, 1981.

Ronald Reagan

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EXHIBIT
BGS-14

EXECUTIVE ORDERS

Timely and accurate information about the activities, capabilities, plans, and intentions of foreign powers, organizations, and persons, and their agents, is essential to the national security of the United States. All reasonable and lawful means must be used to ensure that the United States will receive the best intelligence available. For that purpose, by virtue of the authority vested in me by the Constitution and statutes of the United States of America, including the National Security Act of 1947, as amended, and as President of the United States of America, in order to provide for the effective conduct of United States intelligence activities and the protection of constitutional rights, it is hereby ordered as follows:

Part 1

Goals, Direction, Duties and Responsibilities With Respect to the National Intelligence Effort

1.1 *Goals.* The United States intelligence effort shall provide the President and the National Security Council with the necessary information on which to base decisions concerning the conduct and development of foreign, defense and economic policy, and the protection of United States national interests from foreign security threats. All departments and agencies shall cooperate fully to fulfill this goal.

(a) Maximum emphasis should be given to fostering analytical competition among appropriate elements of the Intelligence Community.

(b) All means, consistent with applicable United States law and this Order, and with full consideration of the rights of United States persons, shall be used to develop intelligence information for the President and the National Security Council. A balanced approach between technical collection efforts and other means should be maintained and encouraged.

(c) Special emphasis should be given to detecting and countering espionage and other threats and activities directed by foreign intelligence services against the United States Government, or United States corporations, establishments, or persons.

(d) To the greatest extent possible consistent with applicable United States law and this Order, and with full consideration of the rights of United States persons, all agencies and departments should seek to ensure full and free exchange of information in order to derive maximum benefit from the United States intelligence effort.

1.2 *The National Security Council.*

(a) *Purpose.* The National Security Council (NSC) was established by the National Security Act of 1947 to advise the President with respect to the integration of domestic, foreign and military policies relating to the national security. The NSC shall act as the highest Executive Branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence, counterintelligence, and special activities, and attendant policies and programs.

(b) *Committees.* The NSC shall establish such committees as may be necessary to carry out its functions and responsibilities under this Order. The NSC, or a committee established by it, shall consider and submit to the President a policy recommendation, including all dissents, on each special activity and shall review proposals for other sensitive intelligence operations.

1.3 *National Foreign Intelligence Advisory Groups.*

(a) *Establishment and Duties.* The Director of Central Intelligence shall establish such boards, councils, or groups as required for the purpose of obtaining advice from within the Intelligence Community concerning:

(1) Production, review and coordination of national foreign intelligence;

(2) Priorities for the National Foreign Intelligence Program budget;

(3) Interagency exchanges of foreign intelligence information:

(4) Arrangements with foreign governments on intelligence matters:

(5) Protection of intelligence sources and methods:

(6) Activities of common concern: and

(7) Such other matters as may be referred by the Director of Central Intelligence.

(b) *Membership.* Advisory groups established pursuant to this section shall be chaired by the Director of Central Intelligence or his designated representative and shall consist of senior representatives from organizations within the Intelligence Community and from departments or agencies containing such organizations, as designated by the Director of Central Intelligence. Groups for consideration of substantive intelligence matters will include representatives of organizations involved in the collection, processing and analysis of intelligence. A senior representative of the Secretary of Commerce, the Attorney General, the Assistant to the President for National Security Affairs, and the Office of the Secretary of Defense shall be invited to participate in any group which deals with other than substantive intelligence matters.

1.4 *The Intelligence Community.* The agencies within the Intelligence Community shall, in accordance with applicable United States law and with the other provisions of this Order, conduct intelligence activities necessary for the conduct of foreign relations and the protection of the national security of the United States, including:

(a) Collection of information needed by the President, the National Security Council, the Secretaries of State and Defense, and other Executive Branch officials for the performance of their duties and responsibilities;

(b) Production and dissemination of intelligence;

(c) Collection of information concerning, and the conduct of activities to protect against, intelligence activities directed against the United States, international terrorist and international narcotics activities, and other hostile activities directed against the United States by foreign powers, organizations, persons, and their agents;

(d) Special activities;

(e) Administrative and support activities within the United States and abroad necessary for the performance of authorized activities; and

(f) Such other intelligence activities as the President may direct from time to time.

1.5 *Director of Central Intelligence.* In order to discharge the duties and responsibilities prescribed by law, the Director of Central Intelligence shall be responsible directly to the President and the NSC and shall:

(a) Act as the primary adviser to the President and the NSC on national foreign intelligence and provide the President and other officials in the Executive Branch with national foreign intelligence;

(b) Develop such objectives and guidance for the Intelligence Community as will enhance capabilities for responding to expected future needs for national foreign intelligence;

(c) Promote the development and maintenance of services of common concern by designated intelligence organizations on behalf of the Intelligence Community;

(d) Ensure implementation of special activities;

(e) Formulate policies concerning foreign intelligence and counterintelligence arrangements with foreign governments, coordinate foreign intelligence and counterintelligence relationships between agencies of the Intelligence Community and the intelligence or internal security services of foreign governments, and establish procedures governing the conduct of liaison by any department or agency with such services on narcotics activities;

(f) Participate in the development of procedures approved by the Attorney General governing criminal narcotics intelligence activities abroad to ensure that these activities are consistent with foreign intelligence programs;

(g) Ensure the establishment by the Intelligence Community of common security and access standards for managing and handling foreign intelligence systems, information, and products;

(h) Ensure that programs are developed which protect intelligence sources, methods, and analytical procedures;

(i) Establish uniform criteria for the determination of relative priorities for the transmission of critical national foreign intelligence, and advise the Secretary of Defense concerning the communications requirements of the Intelligence Community for the transmission of such intelligence;

(j) Establish appropriate staffs, committees, or other advisory groups to assist in the execution of the Director's responsibilities;

(k) Have full responsibility for production and dissemination of national foreign intelligence, and authority to levy analytic tasks on departmental intelligence production organizations, in consultation with those organizations, ensuring that appropriate mechanisms for competitive analysis are developed so that diverse points of view are considered fully and differences of judgment within the Intelligence Community are brought to the attention of national policymakers;

(l) Ensure the timely exploitation and dissemination of data gathered by national foreign intelligence collection means, and ensure that the resulting intelligence is disseminated immediately to appropriate government entities and military commands;

(m) Establish mechanisms which translate national foreign intelligence objectives and priorities approved by the NSC into specific guidance for the Intelligence Community, resolve conflicts in tasking priority, provide to departments and agencies having information collection capabilities that are not part of the National Foreign Intelligence Program advisory tasking concerning collection of national foreign intelligence, and provide for the development of plans and arrangements for transfer of required collection tasking authority to the Secretary of Defense when directed by the President;

(n) Develop, with the advice of the program managers and departments and agencies concerned, the consolidated National Foreign Intelligence Program budget, and present it to the President and the Congress;

(o) Review and approve all requests for reprogramming National Foreign Intelligence Program funds, in accordance with guidelines established by the Office of Management and Budget;

(p) Monitor National Foreign Intelligence Program implementation, and, as necessary, conduct program and performance audits and evaluations;

(q) Together with the Secretary of Defense, ensure that there is no unnecessary overlap between national foreign intelligence programs and Department of Defense intelligence programs consistent with the requirement to develop competitive analysis, and provide to and obtain from the Secretary of Defense all information necessary for this purpose;

(r) In accordance with law and relevant procedures approved by the Attorney General under this Order, give the heads of the departments and agencies access to all intelligence, developed by the CIA or the staff elements of the Director of Central Intelligence, relevant to the national intelligence needs of the departments and agencies; and

(s) Facilitate the use of national foreign intelligence products by Congress in a secure manner.

1.6 *Duties and Responsibilities of the Heads of Executive Branch Departments and Agencies.*

(a) The heads of all Executive Branch departments and agencies shall, in accordance with law and relevant procedures approved by the Attorney General under this Order, give the Director of Central Intelligence access to all information relevant to the national intelligence needs of the United States, and shall give due consideration to the requests from the Director of Central Intelligence for appropriate support for Intelligence Community activities.

(b) The heads of departments and agencies involved in the National Foreign Intelligence Program shall ensure timely development and submission to the Director of Central Intelligence by the program managers and heads of component activities of proposed national programs and budgets in the format designated by the Director of Central Intelligence, and shall also ensure that the Director of Central Intelligence is provided, in a timely and responsive manner, all information necessary to perform the Director's program and budget responsibilities.

(c) The heads of departments and agencies involved in the National Foreign Intelligence Program may appeal to the President decisions by the Director of Central Intelligence on budget or reprogramming matters of the National Foreign Intelligence Program.

1.7 *Senior Officials of the Intelligence Community.* The heads of departments and agencies with organizations in the Intelligence Community or the heads of such organizations, as appropriate, shall:

(a) Report to the Attorney General possible violations of federal criminal laws by employees and of specified federal criminal laws by any other person as provided in procedures agreed upon by the Attorney General and the hea[illegible] the department or agency concerned, in a manner consistent with the pro[illegible]tion of intelligence sources and methods, as specified in those procedures;

(b) In any case involving serious or continuing breaches of security, recommend to the Attorney General that the case be referred to the FBI for further investigation;

(c) Furnish the Director of Central Intelligence and the NSC, in accordance with applicable law and procedures approved by the Attorney General under this Order, the information required for the performance of their respective duties;

(d) Report to the Intelligence Oversight Board, and keep the Director of Central Intelligence appropriately informed, concerning any intelligence activities of their organizations that they have reason to believe may be unlawful or contrary to Executive order or Presidential directive;

(e) Protect intelligence and intelligence sources and methods from unauthorized disclosure consistent with guidance from the Director of Central Intelligence;

(f) Disseminate intelligence to cooperating foreign governments under arrangements established or agreed to by the Director of Central Intelligence;

(g) Participate in the development of procedures approved by the Attorney General governing production and dissemination of intelligence resulting from criminal narcotics intelligence activities abroad if their departments, agencies, or organizations have intelligence responsibilities for foreign or domestic narcotics production and trafficking;

(h) Instruct their employees to cooperate fully with the Intelligence Oversight Board; and

(i) Ensure that the Inspectors General and General Counsels for their organizations have access to any information necessary to perform their duties assigned by this Order.

1.8 *The Central Intelligence Agency*. All duties and responsibilities of the CIA shall be related to the intelligence functions set out below. As authorized by this Order; the National Security Act of 1947, as amended; the CIA Act of 1949, as amended; appropriate directives or other applicable law, the CIA shall:

(a) Collect, produce and disseminate foreign intelligence and counterintelligence, including information not otherwise obtainable. The collection of foreign intelligence or counterintelligence within the United States shall be coordinated with the FBI as required by procedures agreed upon by the Director of Central Intelligence and the Attorney General;

(b) Collect, produce and disseminate intelligence on foreign aspects of narcotics production and trafficking;

(c) Conduct counterintelligence activities outside the United States and, without assuming or performing any internal security functions, conduct counterintelligence activities within the United States in coordination with the FBI as required by procedures agreed upon the Director of Central Intelligence and the Attorney General;

(d) Coordinate counterintelligence activities and the collection of information not otherwise obtainable when conducted outside the United States by other departments and agencies;

(e) Conduct special activities approved by the President. No agency except the CIA (or the Armed Forces of the United States in time of war declared by Congress or during any period covered by a report from the President to the Congress under the War Powers Resolution (87 Stat. 855)) may conduct any special activity unless the President determines that another agency is more likely to achieve a particular objective;

(f) Conduct services of common concern for the Intelligence Community as directed by the NSC;

(g) Carry out or contract for research, development and procurement of technical systems and devices relating to authorized functions;

(h) Protect the security of its installations, activities, information, property, and employees by appropriate means, including such investigations of applicants, employees, contractors, and other persons with similar associations with the CIA as are necessary; and

(i) Conduct such administrative and technical support activities within and outside the United States as are necessary to perform the functions described in sections (a) and through (h) above, including procurement and essential cover and proprietary arrangements.

1.9 *The Department of State*. The Secretary of State shall:

(a) Overtly collect information relevant to United States foreign policy concerns;

(b) Produce and disseminate foreign intelligence relating to United States foreign policy as required for the execution of the Secretary's responsibilities;

(c) Disseminate, as appropriate, reports received from United States diplomatic and consular posts;

(d) Transmit reporting requirements of the Intelligence Community to the Chiefs of United States Missions abroad; and

(e) Support Chiefs of Missions in discharging their statutory responsibilities for direction and coordination of mission activities.

1.10 *The Department of the Treasury.* The Secretary of the Treasury shall:

(a) Overtly collect foreign financial and monetary information;

(b) Participate with the Department of State in the overt collection of general foreign economic information;

(c) Produce and disseminate foreign intelligence relating to United States economic policy as required for the execution of the Secretary's responsibilities; and

(d) Conduct, through the United States Secret Service, activities to determine the existence and capability of surveillance equipment being used against the President of the United States, the Executive Office of the President, and, as authorized by the Secretary of the Treasury or the President, other Secret Service protectees and United States officials. No information shall be acquired intentionally through such activities except to protect against such surveillance, and those activities shall be conducted pursuant to procedures agreed upon by the Secretary of the Treasury and the Attorney General.

1.11 *The Department of Defense.* The Secretary of Defense shall:

(a) Collect national foreign intelligence and be responsive to collection tasking by the Director of Central Intelligence;

(b) Collect, produce and disseminate military and military-related foreign intelligence and counterintelligence as required for execution of the Secretary's responsibilities;

(c) Conduct programs and missions necessary to fulfill national, departmental and tactical foreign intelligence requirements;

(d) Conduct counterintelligence activities in support of Department of Defense components outside the United States in coordination with the CIA, and within the United States in coordination with the FBI pursuant to procedures agreed upon by the Secretary of Defense and the Attorney General;

(e) Conduct, as the executive agent of the United States Government, signals intelligence and communications security activities, except as otherwise directed by the NSC;

(f) Provide for the timely transmission of critical intelligence, as defined by the Director of Central Intelligence, within the United States Government;

(g) Carry out or contract for research, development and procurement of technical systems and devices relating to authorized intelligence functions;

(h) Protect the security of Department of Defense installations, activities, property, information, and employees by appropriate means, including such investigations of applicants, employees, contractors, and other persons with similar associations with the Department of Defense as are necessary;

(i) Establish and maintain military intelligence relationships and military intelligence exchange programs with selected cooperative foreign defense establishments and international organizations, and ensure that such relationships and programs are in accordance with policies formulated by the Director of Central Intelligence;

(j) Direct, operate, control and provide fiscal management for the National Security Agency and for defense and military intelligence and national reconnaissance entities; and

(k) Conduct such administrative and technical support activities within and outside the United States as are necessary to perform the functions described in sections (a) through (j) above.

1.12 *Intelligence Components Utilized by the Secretary of Defense.* In carrying out the responsibilities assigned in section 1.11, the Secretary of Defense is authorized to utilize the following:

(a) *Defense Intelligence Agency*, whose responsibilities shall include;

(1) Collection, production, or, through tasking and coordination, provision of military and military-related intelligence for the Secretary of Defense, the Joint Chiefs of Staff, other Defense components, and, as appropriate, non-Defense agencies;

(2) Collection and provision of military intelligence for national foreign intelligence and counterintelligence products;

(3) Coordination of all Department of Defense intelligence collection requirements;

(4) Management of the Defense Attache system; and

(5) Provision of foreign intelligence and counterintelligence staff support as directed by the Joint Chiefs of Staff.

(b) *National Security Agency*, whose responsibilities shall include:

(1) Establishment and operation of an effective unified organization for signals intelligence activities, except for the delegation of operational control over certain operations that are conducted through other elements of the Intelligence Community. No other department or agency may engage in signals intelligence activities except pursuant to a delegation by the Secretary of Defense;

(2) Control of signals intelligence collection and processing activities, including assignment of resources to an appropriate agent for such periods and tasks as required for the direct support of military commanders;

(3) Collection of signals intelligence information for national foreign intelligence purposes in accordance with guidance from the Director of Central Intelligence;

(4) Processing of signals intelligence data for national foreign intelligence purposes in accordance with guidance from the Director of Central Intelligence;

(5) Dissemination of signals intelligence information for national foreign intelligence purposes to authorized elements of the Government, including the military services, in accordance with guidance from the Director of Central Intelligence;

(6) Collection, processing and dissemination of signals intelligence information for counterintelligence purposes;

(7) Provision of signals intelligence support for the conduct of military operations in accordance with tasking, priorities, and standards of timeliness assigned by the Secretary of Defense. If provision of such support requires use of national collection systems, these systems will be tasked within existing guidance from the Director of Central Intelligence;

(8) Executing the responsibilities of the Secretary of Defense as executive agent for the communications security of the United States Government;

(9) Conduct of research and development to meet the needs of the United States for signals intelligence and communications security;

(10) Protection of the security of its installations, activities, property, information, and employees by appropriate means, including such investigations of applicants, employees, contractors, and other persons with similar associations with the NSA as are necessary;

(11) Prescribing, within its field of authorized operations, security regulations covering operating practices, including the transmission, handling and distribution of signals intelligence and communications security material within and among the elements under control of the Director of the NSA, and exercising the necessary supervisory control to ensure compliance with the regulations;

(12) Conduct of foreign cryptologic liaison relationships, with liaison for intelligence purposes conducted in accordance with policies formulated by the Director of Central Intelligence; and

(13) Conduct of such administrative and technical support activities within and outside the United States as are necessary to perform the functions described in sections (1) through (12) above, including procurement.

(c) *Offices for the collection of specialized intelligence through reconnaissance programs*, whose responsibilities shall include:

(1) Carrying out consolidated reconnaissance programs for specialized intelligence;

(2) Responding to tasking in accordance with procedures established by the Director of Central Intelligence; and

(3) Delegating authority to the various departments and agencies for research, development, procurement, and operation of designated means of collection.

(d) *The foreign intelligence and counterintelligence elements of the Army, Navy, Air Force, and Marine Corps*, whose responsibilities shall include:

(1) Collection, production and dissemination of military and military-related foreign intelligence and counterintelligence, and information on the foreign aspects of narcotics production and trafficking. When collection is conducted in response to national foreign intelligence requirements, it will be conducted in accordance with guidance from the Director of Central Intelligence. Collection of national foreign intelligence, not otherwise obtainable, outside the United States shall be coordinated with the CIA, and such collection within the United States shall be coordinated with the FBI;

(2) Conduct of counterintelligence activities outside the United States in coordination with the CIA, and within the United States in coordination with the FBI; and

(3) Monitoring of the development, procurement and management of tactical intelligence systems and equipment and conducting related research, development, and test and evaluation activities.

(e) *Other offices within the Department of Defense appropriate for conduct of the intelligence missions and responsibilities assigned to the Secretary of Defense.* If such other offices are used for intelligence purposes, the provisions of Part 2 of this Order shall apply to those offices when used for those purposes.

1.13 *The Department of Energy.* The Secretary of Energy shall:

(a) Participate with the Department of State in overtly collecting information with respect to foreign energy matters;

(b) Produce and disseminate foreign intelligence necessary for the Secretary's responsibilities;

(c) Participate in formulating intelligence collection and analysis requirements where the special expert capability of the Department can contribute; and

(d) Provide expert technical, analytical and research capability to other agencies within the Intelligence Community.

1.14 *The Federal Bureau of Investigation.* Under the supervision of the Attorney General and pursuant to such regulations as the Attorney General may establish, the Director of the FBI shall:

(a) Within the United States conduct counterintelligence and coordinate counterintelligence activities of other agencies within the Intelligence Community. When a counterintelligence activity of the FBI involves military or civilian personnel of the Department of Defense, the FBI shall coordinate with the Department of Defense;

(b) Conduct counterintelligence activities outside the United States in coordination with the CIA as required by procedures agreed upon by the Director of Central Intelligence and the Attorney General;

(c) Conduct within the United States, when requested by officials of the Intelligence Community designated by the President, activities undertaken to collect foreign intelligence or support foreign intelligence collection requirements of other agencies within the Intelligence Community, or, when requested by the Director of the National Security Agency, to support the communications security activities of the United States Government;

(d) Produce and disseminate foreign intelligence and counterintelligence; and

(e) Carry out or contract for research, development and procurement of technical systems and devices relating to the functions authorized above.

Part 2

Conduct of Intelligence Activities

2.1 *Need.* Accurate and timely information about the capabilities, intentions and activities of foreign powers, organizations, or persons and their agents is essential to informed decisionmaking in the areas of national defense and foreign relations. Collection of such information is a priority objective and will be pursued in a vigorous, innovative and responsible manner that is consistent with the Constitution and applicable law and respectful of the principles upon which the United States was founded.

2.2 *Purpose.* This Order is intended to enhance human and technical collection techniques, especially those undertaken abroad, and the acquisition of significant foreign intelligence, as well as the detection and countering of international terrorist activities and espionage conducted by foreign powers. Set forth below are certain general principles that, in addition to and consistent with applicable laws, are intended to achieve the proper balance between the acquisition of essential information and protection of individual interests. Nothing in this Order shall be construed to apply to or interfere with any authorized civil or criminal law enforcement responsibility of any department or agency.

2.3 *Collection of Information.* Agencies within the Intelligence Community are authorized to collect, retain or disseminate information concerning United States persons only in accordance with procedures established by the head of the agency concerned and approved by the Attorney General, consistent with the authorities provided by Part 1 of this Order. Those procedures shall permit collection, retention and dissemination of the following types of information:

(a) Information that is publicly available or collected with the consent of the person concerned;

(b) Information constituting foreign intelligence or counterintelligence, including such information concerning corporations or other commercial organizations. Collection within the United States of foreign intelligence not otherwise obtainable shall be undertaken by the FBI or, when significant foreign intelligence is sought, by other authorized agencies of the Intelligence Community, provided that no foreign intelligence collection by such agencies may be undertaken for the purpose of acquiring information concerning the domestic activities of United States persons;

(c) Information obtained in the course of a lawful foreign intelligence, counterintelligence, international narcotics or international terrorism investigation;

(d) Information needed to protect the safety of any persons or organizations, including those who are targets, victims or hostages of international terrorist organizations;

(e) Information needed to protect foreign intelligence or counterintelligence sources or methods from unauthorized disclosure. Collection within the United States shall be undertaken by the FBI except that other agencies of the Intelligence Community may also collect such information concerning present or former employees, present or former intelligence agency contractors or their present or former employees, or applicants for any such employment or contracting;

(f) Information concerning persons who are reasonably believed to be potential sources or contacts for the purpose of determining their suitability or credibility;

(g) Information arising out of a lawful personnel, physical or communications security investigation;

(h) Information acquired by overhead reconnaissance not directed at specific United States persons;

(i) Incidentally obtained information that may indicate involvement in activities that may violate federal, state, local or foreign laws; and

(j) Information necessary for administrative purposes.

In addition, agencies within the Intelligence Community may disseminate information, other than information derived from signals intelligence, to each appropriate agency within the Intelligence Community for purposes of allowing the recipient agency to determine whether the information is relevant to its responsibilities and can be retained by it.

2.4 *Collection Techniques.* Agencies within the Intelligence Community shall use the least intrusive collection techniques feasible within the United States or directed against United States persons abroad. Agencies are not authorized to use such techniques as electronic surveillance, unconsented physical search, mail surveillance, physical surveillance, or monitoring devices unless they are in accordance with procedures established by the head of the agency concerned and approved by the Attorney General. Such procedures shall protect constitutional and other legal rights and limit use of such information to lawful governmental purposes. These procedures shall not authorize:

(a) The CIA to engage in electronic surveillance within the United States except for the purpose of training, testing, or conducting countermeasures to hostile electronic surveillance;

(b) Unconsented physical searches in the United States by agencies other than the FBI, except for:

(1) Searches by counterintelligence elements of the military services directed against military personnel within the United States or abroad for intelligence purposes, when authorized by a military commander empowered to approve physical searches for law enforcement purposes, based upon a finding of probable cause to believe that such persons are acting as agents of foreign powers; and

(2) Searches by CIA of personal property of non-United States persons lawfully in its possession.

(c) Physical surveillance of a United States person in the United States by agencies other than the FBI, except for:

(1) Physical surveillance of present or former employees, present or former intelligence agency contractors or their present of former employees, or applicants for any such employment or contracting; and

(2) Physical surveillance of a military person employed by a nonintelligence element of a military service.

(d) Physical surveillance of a United States person abroad to collect foreign intelligence, except to obtain significant information that cannot reasonably be acquired by other means.

2.5 *Attorney General Approval.* The Attorney General hereby is delegated the power to approve the use for intelligence purposes, within the United States or against a United States person abroad, of any technique for which a warrant would be required if undertaken for law enforcement purposes, provided that such techniques shall not be undertaken unless the Attorney General has determined in each case that there is probable cause to believe that the technique is directed against a foreign power or an agent of a foreign power. Electronic surveillance, as defined in the Foreign Intelligence Surveillance Act of 1978, shall be conducted in accordance with that Act, as well as this Order.

2.6 *Assistance to Law Enforcement Authorities.* Agencies within the Intelligence Community are authorized to:

(a) Cooperate with appropriate law enforcement agencies for the purpose of protecting the employees, information, property and facilities of any agency within the Intelligence Community;

(b) Unless otherwise precluded by law or this Order, participate in law enforcement activities to investigate or prevent clandestine intelligence activities by foreign powers, or international terrorist or narcotics activities;

(c) Provide specialized equipment, technical knowledge, or assistance of expert personnel for use by any department or agency, or, when lives are endangered, to support local law enforcement agencies. Provision of assistance by expert personnel shall be approved in each case by the General Counsel of the providing agency; and

(d) Render any other assistance and cooperation to law enforcement authorities not precluded by applicable law.

2.7 *Contracting.* Agencies within the Intelligence Community are authorized to enter into contracts or arrangements for the provision of goods or services with private companies or institutions in the United States and need not reveal the sponsorship of such contracts or arrangements for authorized intelligence purposes. Contracts or arrangements with academic institutions may be undertaken only with the consent of appropriate officials of the institution.

2.8 *Consistency With Other Laws.* Nothing in this Order shall be construed to authorize any activity in violation of the Constitution or statutes of the United States.

2.9 *Undisclosed Participation in Organizations Within the United States.* No one acting on behalf of agencies within the Intelligence Community may join or otherwise participate in any organization in the United States on behalf of any agency within the Intelligence Community without disclosing his intelligence affiliation to appropriate officials of the organization, except in accordance with procedures established by the head of the agency concerned and approved by the Attorney General. Such participation shall be authorized only if it is essential to achieving lawful purposes as determined by the agency head or designee. No such participation may be undertaken for the purpose of influencing the activity of the organization or its members except in cases where:

(a) The participation is undertaken on behalf of the FBI in the course of a lawful investigation; or

(b) The organization concerned is composed primarily of individuals who are not United States persons and is reasonably believed to be acting on behalf of a foreign power.

2.10 *Human Experimentation.* No agency within the Intelligence Community shall sponsor, contract for or conduct research on human subjects except in accordance with guidelines issued by the Department of Health and Human Services. The subject's informed consent shall be documented as required by those guidelines.

2.11 *Prohibition on Assassination.* No person employed by or acting on behalf of the United States Government shall engage in, or conspire to engage in, assassination.

2.12 *Indirect Participation.* No agency of the Intelligence Community shall participate in or request any person to undertake activities forbidden by this Order.

Part 3

General Provisions

3.1 *Congressional Oversight.* The duties and responsibilities of the Director of Central Intelligence and the heads of other departments, agencies, and entities engaged in intelligence activities to cooperate with the Congress in the conduct of its responsibilities for oversight of intelligence activities shall be as provided in title 50, United States Code, section 413. The requirements of section 662 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2422), and section 501 of the National Security Act of 1947, as amended (50 U.S.C. 413), shall apply to all special activities as defined in this Order.

3.2 *Implementation.* The NSC, the Secretary of Defense, the Attorney General, and the Director of Central Intelligence shall issue such appropriate directives and procedures as are necessary to implement this Order. Heads of agencies within the Intelligence Community shall issue appropriate supplementary directives and procedures consistent with this Order. The Attorney General shall provide a statement of reasons for not approving any procedures established by the head of an agency in the Intelligence Community other than the FBI. The National Security Council may establish procedures in instances where the agency head and the Attorney General are unable to reach agreement on other than constitutional or other legal grounds.

3.3 *Procedures.* Until the procedures required by this Order have been established, the activities herein authorized which require procedures shall be conducted in accordance with existing procedures or requirements established under Executive Order No. 12036. Procedures required by this Order shall be established as expeditiously as possible. All procedures promulgated pursuant to this Order shall be made available to the congressional intelligence committees.

3.4 *Definitions.* For the purposes of this Order, the following terms shall have these meanings:

(a) *Counterintelligence* means information gathered and activities conducted to protect against espionage, other intelligence activities, sabotage, or assassinations conducted for or on behalf of foreign powers, organizations or persons, or international terrorist activities, but not including personnel, physical, document or communications security programs.

(b) *Electronic surveillance* means acquisition of a nonpublic communication by electronic means without the consent of a person who is a party to an electronic communication or, in the case of a nonelectronic communication, without the consent of a person who is visably present at the place of communication, but not including the use of radio direction-finding equipment solely to determine the location of a transmitter.

(c) *Employee* means a person employed by, assigned to or acting for an agency within the Intelligence Community.

(d) *Foreign intelligence* means information relating to the capabilities, intentions and activities of foreign powers, organizations or persons, but not including counterintelligence except for information on international terrorist activities.

(e) *Intelligence activities* means all activities that agencies within the Intelligence Community are authorized to conduct pursuant to this Order.

(f) *Intelligence Community* and *agencies within the Intelligence Community* refer to the following agencies or organizations:

(1) The Central Intelligence Agency (CIA);

(2) The National Security Agency (NSA);

(3) The Defense Intelligence Agency (DIA);

(4) The offices within the Department of Defense for the collection of specialized national foreign intelligence through reconnaissance programs;

(5) The Bureau of Intelligence and Research of the Department of State;

(6) The intelligence elements of the Army, Navy, Air Force, and Marine Corps, the Federal Bureau of Investigation (FBI), the Department of the Treasury, and the Department of Energy; and

(7) The staff elements of the Director of Central Intelligence.

(g) *The National Foreign Intelligence Program* includes the programs listed below, but its composition shall be subject to review by the National Security Council and modification by the President:

(1) The programs of the CIA;

(2) The Consolidated Cryptologic Program, the General Defense Intelligence Program, and the programs of the offices within the Department of Defense for the collection of specialized national foreign intelligence through reconnais-

sance, except such elements as the Director of Central Intelligence and the Secretary of Defense agree should be excluded;

(3) Other programs of agencies within the Intelligence Community designated jointly by the Director of Central Intelligence and the head of the department or by the President as national foreign intelligence or counterintelligence activities;

(4) Activities of the staff elements of the Director of Central Intelligence;

(5) Activities to acquire the intelligence required for the planning and conduct of tactical operations by the United States military forces are not included in the National Foreign Intelligence Program.

(h) *Special activities* means activities conducted in support of national foreign policy objectives abroad which are planned and executed so that the role of the United States Government is not apparent or acknowledged publicly, and functions in support of such activities, but which are not intended to influence United States political processes, public opinion, policies, or media and do not include diplomatic activities or the collection and production of intelligence or related support functions.

(i) *United States person* means a United States citizen, an alien known by the intelligence agency concerned to be a permanent resident alien, an unincorporated association substantially composed of United States citizens or permanent resident aliens, or a corporation incorporated in the United States, except for a corporation directed and controlled by a foreign government or governments.

3.5 *Purpose and Effect.* This Order is intended to control and provide direction and guidance to the Intelligence Community. Nothing contained herein or in any procedures promulgated hereunder is intended to confer any substantive or procedural right or privilege on any person or organization.

3.6 *Revocation.* Executive Order No. 12036[59] of January 24, 1978, as amended, entitled "United States Intelligence Activities," is revoked.

Ronald Reagan

THE WHITE HOUSE,
December 4, 1981.

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[59] 1980 U.S.Code Cong. & Adm.News, Bd. Vol., p. 9642.

EXHIBIT BGS-15

UNCLASSIFIED

Extract from NSDD 159

dated: January 18, 1985

Subject: COVERT ACTION POLICY APPROVAL
AND COORDINATION PROCEDURES

Approval Procedures for Intelligence

1. Presidential Findings. The President shall approve all covert action Findings in writing. Under Section 662 of the Foreign Assistance Act of 1961, as amended, all covert actions undertaken by the Central Intelligence Agency must be authorized by a Presidential Finding that each such operation is important to US national security. E.O. 12333 and this Directive establish that covert actions (intelligence "special activities") undertaken by components other than CIA also require a Presidential Finding. Each covert action is also considered a significant anticipated intelligence activity under Section 501 of the National Security Act and is subject to certain Congressional reporting procedures. The Congressional reporting procedures for significant intelligence activities apply to all agencies of the intelligence community. Findings shall remain valid until formally cancelled. ~~(S)~~

2. In accordance with Executive Order 12333, the Central Intelligence Agency shall conduct covert actions unless the President specifically designates another agency of the government. When the provision of substantial support by one government component to another is essential to the conduct of a covert action, indication of the extent and nature of that support shall be included as part of the Finding or Memorandum of Notification. However, the provision of routine support in the form of personnel, funds, equipment, supplies, transportation, training, logistics, and facilities by Government components other than CIA to support a covert action shall not in itself be considered a separate covert action by the supplying agency. (~~S~~)

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EXHIBIT

Partially Declassified/Released on 5 June 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

A. CENTRAL INTELLIGENCE AGENCY

NATIONAL SECURITY ACT OF 1947

ACT OF JULY 26, 1947

AN ACT To promote the national security by providing for a Secretary of Defense; for a National Military Establishment; for a Department of the Army, a Department of the Navy, and a Department of the Air Force; and for the coordination of the activities of the National Military Establishment with other departments and agencies of the Government concerned with the national security.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SHORT TITLE

That [50 U.S.C. 401 note] this Act may be cited as the "National Security Act of 1947".

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EXHIBIT
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DECLARATION OF POLICY

SEC. 2. [50 U.S.C. 401] In enacting this legislation, it is the intent of Congress to provide a comprehensive program for the future security of the United States; to provide for the establishment of integrated policies and procedures for the departments, agencies, and functions of the Government relating to the national security; to provide a Department of Defense, including the three military Departments of the Army, the Navy (including naval aviation and the United States Marine Corps), and the Air Force under the direction, authority, and control of the Secretary of Defense; to provide that each military department shall be separately organized under its own Secretary and shall function under the direction, authority, and control of the Secretary of Defense; to provide for their unified direction under civilian control of the Secretary of Defense but not to merge these departments or services; to provide for the establishment of unified or specified combatant commands, and a clear and direct line of command to such commands; to eliminate unnecessary duplication in the Department of Defense, and particularly in the field of research and engineering by vesting its overall direction and control in the Secretary of Defense; to provide more effective, efficient, and economical administration in the Department of Defense; to provide for the unified strategic direction of the combatant forces, for their operation under unified command, and for their integration into an efficient team of land, naval, and air forces but not to establish a single Chief of Staff over the armed forces nor an overall armed forces general staff.

TITLE I—COORDINATION FOR NATIONAL SECURITY

NATIONAL SECURITY COUNCIL

SEC. 101. [50 U.S.C. 402] (a) There is hereby established a council to be known as the National Security Council (thereinafter in this section referred to as the "Council").

**Item editorially inserted.

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The President of the United States shall preside over meetings of the Council: *Provided*, That in his absence he may designate a member of the Council to preside in his place.

The function of the Council shall be to advise the President with respect to the integration of domestic, foreign, and military policies relating to the national security so as to enable the military services and the other departments and agencies of the Government to cooperate more effectively in matters involving the national security.

The Council shall be composed of [1]—

(1) the President;

(2) the Vice President;

(3) the Secretary of State;

(4) the Secretary of Defense;

(5) the Director for Mutual Security;

(6) the Chairman of the National Security Resources Board; and

(7) The Secretaries and Under Secretaries of other executive departments and the military departments, the Chairman of the Munitions Board, and the Chairman of the Research and Development Board, when appointed by the President by and with the advice and consent of the Senate, to serve at his pleasure.

(b) In addition to performing such other functions as the President may direct, for the purpose of more effectively coordinating the policies and functions of the departments and agencies of the Government relating to the national security, it shall, subject to the direction of the President, be the duty of the Council—

(1) to assess and appraise the objectives, commitments, and risks of the United States in relation to our actual and potential military power, in the interest of national security, for the purpose of making recommendations to the President in connection therewith; and

(2) to consider policies on matters of common interest to the departments and agencies of the Government concerned with the national security, and to make recommendations to the President in connection therewith.

(c) The Council shall have a staff to be headed by a civilian executive secretary who shall be appointed by the President, and who shall receive compensation at the rate of $10,000 a year.[2] The executive secretary, subject to the direction of the Council, is hereby authorized, subject to the civil-service laws and the Classification Act of 1923, as amended,[3] to appoint and fix the compensation of such personnel as may be necessary to perform such duties as may be prescribed by the Council in connection with the performance of its functions.

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[1] The positions of Director for Mutual Security, Chairman of the National Security Resources Board, Chairman of the Munitions Board, and Chairman of the Research and Development Board have been [illegible] various Reorganiztion Plans. The statutory members of the Na- [illegible] President, Vice President, Secretary of State, and Secretary of [illegible]

[2] The specification of [illegible] of the head of the [illegible] and has been superseded.

[3] The Classification Act of 1923 was repealed by the [illegible] tion Act [illegible] was repealed by the law enacting title 5, Unit[illegible] 544, Sept. 6, 1966, 80 Stat. 378), and its provisions were codified as chapter 51 and [illegible] of title 5. Section 7(b) of that Act (80 Stat. 631) provides "A reference to a law [illegible] tions 1-6 of this Act, including a reference in a [illegible] order, or other law, [illegible] refer to the corresponding provision enacted by this Act.

(d) The Council shall, from time to time, make such recommendations, and such other reports to the President as it deems appropriate or as the President may require.

CENTRAL INTELLIGENCE AGENCY

Sec. 102. [50 U.S.C. 403] (a) There is hereby established under the National Security Council a Central Intelligence Agency with a Director of Central Intelligence who shall be the head thereof, and with a Deputy Director of Central Intelligence who shall act for, and exercise the powers of, the Director during his absence or disability. The Director and the Deputy Director shall be appointed by the President, by and with the advice and consent of the Senate, from among the commissioned officers of the armed services, whether in an active or retired status, or from among individuals in civilian life: *Provided, however,* That at no time shall the two positions of the Director and Deputy Director be occupied simultaneously by commissioned officers of the armed services, whether in an active or retired status.

(b)(1) If a commissioned officer of the armed services is appointed as Director, or Deputy Director, then—

(A) in the performance of his duties as Director, or Deputy Director, he shall be subject to no supervision, control, restriction, or prohibition (military or otherwise) other than would be operative with respect to him if he were a civilian in no way connected with the Department of the Army, the Department of the Navy, the Department of the Air Force, or the armed services or any component thereof; and

(B) he shall not possess or exercise any supervision, control, powers, or functions (other than such as he possesses, or is authorized or directed to exercise, as Director, or Deputy Director) with respect to the armed services or any component thereof, the Department of the Army, the Department of the Navy, or the Department of the Air Force, or any branch, bureau, unit, or division thereof, or with respect to any of the personnel (military or civilian) of any of the foregoing.

(2) Except as provided in paragraph (1), the appointment to the office of Director, or Deputy Director, of a commissioned officer of the armed services, and his acceptance of and service in such office, shall in no way affect any status, office, rank, or grade he may occupy or hold in the armed services, or any emolument, perquisite, right, privilege, or benefit incident to or arising out of any such status, office, rank, or grade. Any such commissioned officer shall, while serving in the office of Director, or Deputy Director, continue to hold rank and grade not lower than that in which serving at the time of his appointment and to receive the military pay and allowance (active or retired, as the case may be, including personal money allowance) payable to a commissioned officer of his grade and length of service for which the appropriate department shall be reimbursed from any funds available to defray the expenses of the Central Intelligence Agency. He also shall be paid by

the Central Intelligence Agency from such funds an annual compensation at a rate equal to the amount by which the compensation established for such position exceeds the amount of his annual military pay and allowances.

(3) The rank or grade of any such commissioned officer shall, during the period in which such commissioned officer occupies the office of Director of Central Intelligence, or Deputy Director of Central Intelligence, be in addition to the numbers and percentages otherwise authorized and appropriated for the armed service of which he is a member.

(c) Notwithstanding the provisions of section 6 of the Act of August 24, 1912 (37 Stat. 555),[4] or the provisions of any other law, the Director of Central Intelligence may, in his discretion, terminate the employment of any officer or employee of the Agency whenever he shall deem such termination necessary or advisable in the interests of the United States, but such termination shall not affect the right of such officer or employee to seek or accept employment in any other department or agency of the Government if declared eligible for such employment by the United States Civil Service Commission.[5]

(d) For the purpose of coordinating the intelligence activities of the several Government departments and agencies in the interest of national security, it shall be the duty of the Agency, under the direction of the National Security Council—

(1) to advise the National Security Council in matters concerning such intelligence activities of the Government departments and agencies as relate to national security;

(2) to make recommendations to the National Security Council for the coordination of such intelligence activities of the departments and agencies of the Government as relate to the national security;

(3) to correlate and evaluate intelligence relating to the national security, and provide for the appropriate dissemination of such intelligence within the Government using where appropriate existing agencies and facilities: *Provided*, That the Agency shall have no police, subpena, law-enforcement powers, or internal-security functions: *Provided further*, That the departments and other agencies of the Government shall continue to collect, evaluate, correlate, and disseminate departmental intelligence: *And provided further*, That the Director of Central Intelligence shall be responsible for protecting intelligence sources and methods from unauthorized disclosure;

(4) to perform, for the benefit of the existing intelligence agencies, such additional services of common concern as the National Security Council determines can be more efficiently accomplished centrally;

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[4] The cited Act of August 24, 1912, was repealed by the law enacting title 5, United States Code (Public Law 89-544, Sept. 6, 1966, 80 Stat. 378). The provisions of section 6 of that Act were codified as section 7501 of title 5.

[5] The functions of the Civil Service Commission were transferred to the Director of the Office of Personnel Management by section 102 of Reorganization Plan No. 2 of 1978 (92 Stat. 3783; 5 U.S.C. 1101 note).

(5) to perform such other functions and duties related to intelligence affecting the national security as the National Security Council may from time to time direct.

(e) To the extent recommended by the National Security Council and approved by the President, such intelligence of the departments and agencies of the Government, except as hereinafter provided, relating to the national security shall be open to the inspection of the Director of Central Intelligence, and such intelligence as relates to the national security and is possessed by such departments and other agencies of the Government, except as hereinafter provided, shall be made available to the Director of Central Intelligence for correlation, evaluation, and dissemination: *Provided however,* That upon the written request of the Director of Central Intelligence, the Director of the Federal Bureau of Investigation shall make available to the Director of Central Intelligence such information for correlation, evaluation, and dissemination as may be essential to the national security.

(f) Effective when the Director first appointed under subsection (a) has taken office—

(1) the National Intelligence Authority (11 Fed. Reg. 1337, 1339, February 5, 1946) shall cease to exist; and

(2) the personnel, property, and records of the Central Intelligence Group are transferred to the Central Intelligence Agency, and such Group shall cease to exist. Any unexpended balances of appropriations, allocations, or other funds available or authorized to be made available for such Group shall be available and shall be authorized to be made available in like manner for expenditure by the Agency.

APPOINTMENT OF DIRECTOR OF INTELLIGENCE COMMUNITY STAFF

SEC. 102a. (1) If a commissioned officer of the Armed Forces is appointed as Director of the Intelligence Community Staff, such commissioned officer, while serving in such position—

(A) shall not be subject to supervision, control, restriction, or prohibition by the Department of Defense or any component thereof; and

(B) shall not exercise, by reason of his status as a commissioned officer, any supervision, control, powers, or functions (other than as authorized as Director of the Intelligence Community Staff) with respect to any of the military or civilian personnel thereof.

(2) Except as provided in subsection (1), the appointment of a commissioned officer of the Armed Forces to the position of Director of the Intelligence Community Staff, his acceptance of such appointment and his service in such position shall in no way affect his status, position, rank, or grade in the Armed Forces, or any emolument, perquisite, right, privilege, or benefit incident to or arising out of any such status, position, rank, or grade. Any such commissioned officer, while serving in the position of Director of the Intelligence Community Staff, shall continue to hold a rank and grade not lower than that in which he was serving at the time of his appointment to such position and to receive the military pay and allowances (including retired or retainer pay) payable to a

commissioned officer of his grade and length of service for which the appropriate military department shall be reimbursed from any funds available to defray the expenses of the Intelligence Community Staff. In addition to any pay or allowance payable under the preceding sentence, such commissioned officer shall be paid by the Intelligence Community Staff, from funds available to defray the expenses of such staff, an annual compensation at a rate equal to the excess of the rate of compensation payable for such position over the annual rate of his military pay (including retired and retainer pay) and allowances.

(3) Any commissioned officer to which subsection (1) applies, during the period of his service as Director of the Intelligence Community Staff, shall not be counted against the numbers and percentages of commissioned officers of the rank and grade of such officer authorized for the Armed Force of which he is a member, except that only one commissioned officer of the Armed Forces occupying the position of Director of Central Intelligence or Deputy Director of Central Intelligence as provided for in section 102, or the position of Director of the Intelligence Community Staff, under this section, shall be exempt from such numbers and percentage at any one time.

NATIONAL SECURITY RESOURCES BOARD [6]

SEC. 103. [50 U.S.C. 404] (a) The Director of the Office of Defense Mobilization,[7] subject to the direction of the President, is authorized, subject to the civil-service laws and the Classification Act of 1949,[8] to appoint and fix the compensation of such personnel as may be necessary to assist the Director in carrying out his functions.

(b) It shall be the function of the Director of the Office of Defense Mobilization to advise the President concerning the coordination of military, industrial, and civilian mobilization, including—

(1) policies concerning industrial and civilian mobilization in order to assure the most effective mobilization and maximum utilization of the Nation's manpower in the event of war.

(2) programs for the effective use in time of war of the Nation's natural and industrial resources for military and civilian needs, for the maintenance and stabilization of the civilian economy in time of war, and for the adjustment of such economy to war needs and conditions;

(3) policies for unifying, in time of war, the activities of Federal agencies and departments engaged in or concerned with production, procurement, distribution, or transportation of military or civilian supplies, materials, and products;

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[6] Section 103 deals with emergency preparedness. Section 50 of the Act of September 3, 1954 (68 Stat. 1244), eliminated former subsection (a), relating to the establishment of the National Security Resources Board, and redesignated former subsections (b)–(d) as subsections (a)–(c). The section heading was not amended accordingly.

[7] The functions of the Director of the Office of Defense Mobilization under this section which previously were transferred to the President, were delegated to the Director of the Federal Emergency Management Agency by section 4–102 of Executive Order No. 12148 (July 20, 1979, 44 F.R. 43239, 50 U.S.C. App. 2251 note).

[8] The Classification Act of 1949 was repealed by the law enacting title 5, United States Code (Public Law 89–544, Sept. 6, 1966, 80 Stat. 378), and its provisions were codified as chapter 51 and subchapter 53 of that title.

(4) the relationship between potential supplies of, and potential requirements for, manpower, resources, and productive facilities in time of war;

(5) policies for establishing adequate reserves of strategic and critical material, and for the conservation of these reserves;

(6) the strategic relocation of industries, services, government, and economic activities, the continuous operation of which is essential to the Nation's security.

(c) In performing his functions, the Director of the Office of Defense Mobilization shall utilize to the maximum extent the facilities and resources of the departments and agencies of the Government.

TITLE II—THE DEPARTMENT OF DEFENSE

SEC. 201. [Subsections (a) and (b) were repealed by section 307 of Public Law 87-651 (Act of September 7, 1962, 76 Stat. 526). Subsection (c) consisted of an amendment to another Act.]

(d) **[**50 U.S.C. 408**]** Except to the extent inconsistent with the provisions of this Act, the provisions of title IV of the Revised Statutes [9] as now of hereafter amended shall be applicable to the Department of Defense.

[Sections 202-204 were repealed by section 307 of Public Law 87-651 (Act of September 7, 1962, 76 Stat. 526).]

DEPARTMENT OF THE ARMY

SEC. 205. [Subsections (a), (d), and (e) were repealed by the law enacting titles 10 and 32, United States Code (Act of August 10, 1956, 70A Stat. 676)].

(b) All laws, orders, regulations, and other actions relating to the Department of War or to any officer or activity whose title is changed under this section shall, insofar as they are not inconsistent with the provisions of this Act, be deemed to relate to the Department of the Army within the Department of Defense or to such officer or activity designated by his or its new title.

(c) **[**50 U.S.C. 409(a)**]** the term "Department of the Army" as used in this Act shall be construed to mean the Department of the Army at the seat of government and all field headquarters, forces, reserve components, installations, activities, and functions under the control or supervision of the Department of the Army.

DEPARTMENT OF THE NAVY

SEC. 206. (a) **[**50 U.S.C. 409(b)**]** The term "Department of the Navy" as used in this Act shall be construed to mean the Department of the Navy at the seat of government; the headquarters, United States Marine Corps; the entire operating forces of the United States Navy, including naval aviation, and of the United States Marine Corps, including the reserve components of such forces; all field activities, headquarters, forces, bases, installations, activities and functions under the control or supervision of the Department of the Navy; and the United States Coast Guard when operating as a part of the Navy pursuant to law.

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[9] Title IV of the Revised Statutes consisted of sections 158–198 of the Revised Statutes. Sections 176 and 193 are codified as sections 492-1 and 492-2 of title 31, United States Code. The remainder of those sections have been repealed or replaced by provisions of title 5, United States Code, as enacted. See the "Tables" volume of the United States Code for the distribution of specific sections.

[Subsections (b) and (c) were repealed by the law enacting titles 10 and 32, United States Code (Act of August 10, 1956, 70A Stat. 676)].

DEPARTMENT OF THE AIR FORCE

Sec. 207. [Subsections (a), (b), (d), (e), and (f) were repealed by the law enacting titles 10 and 32, United States Code (Act of August 10, 1956, 70A stat. 676)].

(c) [50 U.S.C. 409(c)] The term "Department of the Air Force" as used in this Act shall be construed to mean the Department of the Air Force at the seat of government and all field headquarters, forces, reserve components, installations, activities, and functions under the control or supervision of the Department of the Air Force.

[Section 208 (less subsection (c)) was repealed by the law enacting titles 10 and 32, United States Code (Act of August 10, 1956, 70A Stat. 676). Section 208(c) was repealed by the law enacting title 5, United States Code (Public Law 89-544, September 6, 1966, 80 Stat. 654).]

[Sections 209-214 were repealed by the law enacting titles 10 and 32, United States Code (Act of August 10, 1956, 70A Stat. 676).]

TITLE III—MISCELLANEOUS

[Section 301 was repealed by the law enacting title 5, United States Code (Public Law 89-544, September 6, 1966, 80 Stat. 654).]

[Section 302 was repealed by the law enacting titles 10 and 32, United States Code (Act of August 10, 1956, 70A Stat. 676).]

ADVISORY COMMITTEES AND PERSONNEL

Sec. 303. [50 U.S.C. 405] (a) The Director of the Office of Defense Mobilization, the Director of Central Intelligence, and the National Security Council, acting through its Executive Secretary, are authorized to appoint such advisory committees and to employ, consistent with other provisions of this Act, such part-time advisory personnel as they may deem necessary in carrying out their respective functions and the functions of agencies under their control. Persons holding other offices or positions under the United States for which they receive compensation, while serving as members of such committees, shall receive no additional compensation for such service. Other members of such committees and other part-time advisory personnel so employed may serve without compensation or may receive compensation at a daily rate not to exceed the daily equivalent of the rate of pay in effect for grade GS-18 of the General Schedule established by section 5332 of title 5, United States Code, as determined by the appointing authority.

(b) Service of an individual as a member of any such advisory committee, or in any other part-time capacity for a department or agency hereunder, shall not be considered as service bringing such individual within the provisions of section 203, 205, or 207, of title 18, United States Code, unless the act of such individual, which by such section is made unlawful when performed by an individual referred to in such section, is with respect to any particular matter which directly involves a department or agency which such person is advising or in which such department or agency is directly interested.

[Sections 304-306 were repealed by the law enacting title 5, United States Code (Public Law 89-544, September 6, 1966, 80 Stat. 654).]

AUTHORIZATION FOR APPROPRIATIONS

Sec. 307. [50 U.S.C. 411] There are hereby authorized to be appropriated such sums as may be necessary and appropriate to carry out the provisions and purposes of this Act.

DEFINITIONS

Sec. 308. [50 U.S.C. 410] (a) [10] As used in this Act, the term "function" includes functions, powers, and duties.

(b) As used in this Act, the term, "Department of Defense" shall be deemed to include the military departments of the Army, the Navy, and the Air Force, and all agencies created under title II of this Act.

SEPARABILITY

Sec. 309. [50 U.S.C. 401 note] If any provision of this Act or the application thereof to any person or circumstances is held invalid, the validity of the remainder of the Act and of the application of such provision to other persons and circumstances shall not be affected thereby.

EFFECTIVE DATE

Sec. 310. [50 U.S.C. 401 note] (a) The first sentence of section 202 (a) and sections 1, 2, 307, 308, 309, and 310 shall take effect immediately upon the enactment of this Act.

(b) Except as provided in subsection (a), the provisions of this Act shall take effect on whichever of the following days is the earlier: The day after the day upon which the Secretary of Defense first appointed takes office, or the sixtieth day after the date of the enactment of this Act.

SUCCESSION TO THE PRESIDENCY

Sec. 311. [Section 311 consisted of an amendment to the Act entitled "An Act to provide for the performance of the duties of the office of President in case of the removal, resignation, death, or inability both of the President and Vice President".]

[Title IV *less* section 411 was repealed by section 307 of Public Law 87-651 (Act of September 7, 1962, 76 Stat. 526).]

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[10] Section 307 of Public Law 87-651 (Act of September 7, 1962, 76 Stat. 526) repealed section 308(a) *less* its applicability to sections 2, 101-103, and 303.

REPEALING AND SAVING PROVISIONS

Sec. 411. [50 U.S.C. 412] All laws, orders, and regulations inconsistent with the provisions of this title are repealed insofar as they are inconsistent with the powers, duties, and responsibilities enacted hereby: *Provided*, That the powers, duties, and responsibilities of the Secretary of Defense under this title shall be administered in conformance with the policy and requirements for administration of budgetary and fiscal matters in the Government generally, including accounting and financial reporting, and that nothing in this title shall be construed as eliminating or modifying the powers, duties, and responsibilities of any other department, agency, or officer of the Government in connection with such matters, but no such department, agency, or officer shall exercise any such powers, duties, or responsibilities in a manner that will render ineffective the provisions of this title.

TITLE V—ACCOUNTABILITY FOR INTELLIGENCE ACTIVITIES [11]

CONGRESSIONAL OVERSIGHT

Sec. 501. [50 U.S.C. 413] (a) To the extent consistent with all applicable authorities and duties, including those conferred by the Constitution upon the executive and legislative branches of the Government, and to the extent consistent with due regard for the protection from unauthorized disclosure of classified information and information relating to intelligence sources and methods, the Director of Central Intelligence and the heads of all departments, agencies, and other entities of the United States involved in intelligence activities shall—

(1) keep the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives (hereinafter in this section referred to as the "intelligence committees") fully and currently informed of all intelligence activities which are the responsibility of, are engaged in by, or are carried out for or on behalf of, any department, agency, or entity of the United States, including any significant anticipated intelligence activity, except that (A) the foregoing provision shall not require approval of the intelligence committees as a condition precedent to the initiation of any such anticipated intelligence activity, and (B) if the President determines it is essential to limit prior notice to meet extraordinary circumstances affecting vital interests of the United States, such notice shall be limited to the chairman and ranking minority members of the intelligence committees, the Speaker and minority leader of the House of Representatives, and the majority and minority leaders of the Senate;

(2) furnish any information or material concerning intelligence activities which is in the possession, custody, or control of any department, agency, or entity of the United States and

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[11] This title is also set out *post* at page 211 along with other materials relating to congressional oversight of intelligence activities.

which is requested by either of the intelligence committees in order to carry out its authorized responsibilities; and

(3) report in a timely fashion to the intelligence committees any illegal intelligence activity or significant intelligence failure and any corrective action that has been taken or is planned to be taken in connection with such illegal activity or failure.

(b) The President shall fully inform the intelligence committees in a timely fashion of intelligence operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, for which prior notice was not given under subsection (a) and shall provide a statement of the reasons for not giving prior notice.

(c) The President and the intelligence committees shall each establish such procedures as may be necessary to carry out the provisions of subsections (a) and (b).

(d) the[12] House of Representatives and the Senate, in consultation with the Director of Central Intelligence, shall each establish, by rule or resolution of such House, procedures to protect from unauthorized disclosure all classified information and all information relating to intelligence sources and methods furnished to the intelligence committees or to Members of the Congress under this section. In accordance with such procedures, each of the intelligence committees shall promptly call to the attention of its respective House, or to any appropriate committee or committees of its respective House, any matter relating to intelligence activities requiring the attention of such House or such committee or committees.

(e) Nothing in this Act shall be construed as authority to withhold information from the intelligence committees on the grounds that providing the information to the intelligence committees would constitute the unauthorized disclosure of classified information or information relating to intelligence sources and methods.

TITLE VI—PROTECTION OF CERTAIN NATIONAL SECURITY INFORMATION[13]

PROTECTION OF IDENTITIES OF CERTAIN UNITED STATES UNDERCOVER INTELLIGENCE OFFICERS, AGENTS, INFORMANTS, AND SOURCES

SEC. 601. (a) Whoever, having or having had authorized access to classified information that identifies a covert agent, intentionally discloses any information identifying such covert agent to any individual not authorized to receive classified information, knowing that the information disclosed so identifies such covert agent and that the United States is taking affirmative measures to conceal such covert agent's intelligence relationship to the United States, shall be fined not more than $50,000 or imprisoned not more than ten years, or both.

(b) Whoever, as a result of having authorized access to classified information, learns the identity of a covert agent and intentionally discloses any information identifying such covert agent to any individual not authorized to receive classified information, knowing that the information disclosed so identifies such covert agent and that the United States is taking affirmative measures to conceal such covert agent's intelligence relationship to the United States, shall be fined not more than $25,000 or imprisoned not more than five years, or both.

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[12] So in original.

[13] Title VI was added by the Intelligence Identities Protection Act of 1982 (Public Law 97-200).

(c) Whoever, in the course of a pattern of activities intended to identify and expose covert agents and with reason to believe that such activities would impair or impede the foreign intelligence activities of the United States, discloses any information that identifies an individual as a covert agent to any individual not authorized to receive classified information, knowing that the information disclosed so identifies such individual and that the United States is taking affirmative measures to conceal such individual's classified intelligence relationship to the United States, shall be fined not more than $15,000 or imprisoned not more than three years, or both.

DEFENSES AND EXCEPTIONS

Sec. 602. (a) It is a defense to a prosecution under section 601 that before the commission of the offense with which the defendant is charged, the United States had publicly acknowledged or revealed the intelligence relationship to the United States of the individual the disclosure of whose intelligence relationship to the United States is the basis for the prosecution.

(b)(1) Subject to paragraph (2), no person other than a person committing an offense under section 601 shall be subject to prosecution under such section by virtue of section 2 or 4 of title 18, United States Code, or shall be subject to prosecution for conspiracy to commit an offense under such section.

(2) Paragraph (1) shall not apply (A) in the case of a person who acted in the course of a pattern of activities intended to identify and expose covert agents and with reason to believe that such activities would impair or impede the foreign intelligence activities of the United States, or (B) in the case of a person who has authorized access to classified information.

(c) It shall not be an offense under section 601 to transmit information described in such section directly to the Select Committee on Intelligence of the Senate or to the Permanent Select Committee on Intelligence of the House of Representatives.

(d) It shall not be an offense under section 601 for an individual to disclose information that solely identifies himself as a covert agent.

REPORT

Sec. 603. (a) The President, after receiving information from the Director of Central Intelligence, shall submit to the Select Committee on Intelligence of the Senate and the Permanent Select Committee on Intelligence of the House of Representatives an annual report on measures to protect the identities of covert agents, and on any other matter relevant to the protection of the identities of covert agents.

(b) The report described in subsection (a) shall be exempt from any requirement for publication or disclosure. The first such report shall be submitted no later than February 1, 1983.

EXTRATERRITORIAL JURISDICTION

Sec. 604. There is jurisdiction over an offense under section 601 committed outside the United States if the individual committing the offense is a citizen of the United States or an alien lawfully admitted to the United States for permanent residence (as defined in section 101(a)(20) of the Immigration and Nationality Act).

PROVIDING INFORMATION TO CONGRESS

Sec. 605. Nothing in this title may be construed as authority to withhold information from the Congress or from a committee of either House of Congress.

DEFINITIONS

Sec. 606. For the purposes of this title:

(1) The term "classified information" means information or material designated and clearly marked or clearly represented, pursuant to the provisions of a statute or Executive order (or a regulation or order issued pursuant to a statute or Executive order), as requiring a specific degree of protection against unauthorized disclosure for reasons of national security.

(2) The term "authorized", when used with respect to access to classified information, means having authority, right, or permission pursuant to the provisions of a statute, Executive order, directive of the head of any department or agency engaged in foreign intelligence or counterintelligence activities, order of any United States court, or provisions of any Rule of the House of Representatives or resolution of the Senate which assigns responsibility within the respective House of Congress for the oversight of intelligence activities.

(3) The term "disclose" means to communicate, provide, impart, transmit, transfer, convey, publish, or otherwise make available.

(4) The term "covert agent" means—

(A) an officer or employee of an intelligence agency or a member of the Armed Forces assigned to duty with an intelligence agency—

(i) whose identity as such an officer, employee, or member is classified information, and

(ii) who is serving outside the United States or has within the last five years served outside the United States; or

(B) a United States citizen whose intelligence relationship to the United States is classified information, and—

(i) who resides and acts outside the United States as an agent of, or informant or source of operational assistance to, an intelligence agency, or

(ii) who is at the time of the disclosure acting as an agent of, or informant to, the foreign counterintelligence or foreign counterterrorism components of the Federal Bureau of Investigation; or

(C) an individual, other than a United States citizen, whose past or present intelligence relationship to the United States is classified information and who is a present or former agent of, or a present or former informant or source of operational assistance to, an intelligence agency.

(5) The term "intelligence agency" means the Central Intelligence Agency, a foreign intelligence component of the Department of Defense, or the foreign counterintelligence or foreign counterterrorism components of the Federal Bureau of Investigation.

(6) The term "informant" means any individual who furnishes information to an intelligence agency in the course of a confidential relationship protecting the identity of such individual from public disclosure.

(7) The terms "officer" and "employee" have the meanings given such terms by section 2104 and 2105, respectively, of title 5, United States Code.

(8) The term "Armed Forces" means the Army, Navy, Air Force, Marine Corps, and Coast Guard.

(9) The term "United States", when used in a geographic sense, means all areas under the territorial sovereignty of the United States and the Trust Territory of the Pacific Islands.

(10) The term "pattern of activities" requires a series of acts with a common purpose or objective.

TITLE VII—PROTECTION OF OPERATIONAL FILES OF THE CENTRAL INTELLIGENCE AGENCY

EXEMPTION OF CERTAIN OPERATIONAL FILES FROM SEARCH, REVIEW, PUBLICATION, OR DISCLOSURE

SEC. 701. (a) Operational files of the Central Intelligence Agency may be exempted by the Director of Central Intelligence from the provisions of section 552 of title 5, United States Code (Freedom of Information Act), which require publication or disclosure, or search or review in connection therewith.

(b) For the purposes of this title the term "operational files" means—

(1) files of the Directorate of Operations which document the conduct of foreign intelligence or counterintelligence operations or intelligence or security liaison arrangements or information exchanges with foreign governments or their intelligence or security services;

(2) files of the Directorate for Science and Technology which document the means by which foreign intelligence or counterintelligence is collected through scientific and technical systems; and

(3) files of the Office of Security which document investigations conducted to determine the suitability of potential foreign intelligence or counterintelligence sources;

except that files which are the sole repository of disseminated intelligence are not operational files.

(c) Notwithstanding subsection (a) of this section, exempted operational files shall continue to be subject to search and review for information concerning—

(1) United States citizens or aliens lawfully admitted for permanent residence who have requested information on themselves pursuant to the provisions of section 552 of title 5, United States Code (Freedom of Information Act), or section 552a of title 5, United States Code (Privacy Act of 1974);

(2) any special activity the existence of which is not exempt from disclosure under the provisions of section 552 of title 5, United States Code (Freedom of Information Act); or

(3) the specific subject matter of an investigation by the intelligence committees of the Congress, the Intelligence Oversight Board, the Department of Justice, the Office of General Counsel of the Central Intelligence Agency, the Office of Inspector General of the Central Intelligence Agency, or the Office of the Director of Central Intelligence for any impropriety, or violation of law, Executive order, or Presidential directive, in the conduct of an intelligence activity.

(d)(1) Files that are not exempted under subsection (a) of this section which contain information derived or disseminated from exempted operational files shall be subject to search and review.

(2) The inclusion of information from exempted operational files in files that are not exempted under subsection (a) of this section shall not affect the exemption under subsection (a) of this section of the originating operational files from search, review, publication, or disclosure.

(3) Records from exempted operational files which have been disseminated to and referenced in files that are not exempted under subsection (a) of this section and which have been returned to exempted operational files for sole retention shall be subject to search and review.

(e) The provisions of subsection (a) of this section shall not be superseded except by a provision of law which is enacted after the date of enactment of subsection (a), and which specifically cites and repeals or modifies its provisions.

(f) Whenever any person who has requested agency records under section 552 of title 5, United States Code (Freedom of Information Act), alleges that the Central Intelligence Agency has improperly withheld records because of failure to comply with any provision of this section, judicial review shall be available under the terms set forth in section 552(a)(4)(B) of title 5, United States Code, except that—

(1) in any case in which information specifically authorized under criteria established by an Executive order to be kept secret in the interest of national defense or foreign relations which[14] is filed with, or produced for, the court by the Central Intelligence Agency, such information shall be examined ex parte, in camera by the court;

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[14] So in original.

(2) the court shall, to the fullest extent practicable, determine issues of fact based on sworn written submissions of the parties;

(3) when a complainant alleges that requested records are improperly withheld because of improper placement solely in exempted operational files, the complainant shall support such allegation with a sworn written submission, based upon personal knowledge or otherwise admissible evidence;

(4)(A) when a complainant alleges that requested records were improperly withheld because of improper exemption of operational files, the Central Intelligence Agency shall meet its burden under section 552(a)(4)(B) of title 5, United States Code, by demonstrating to the court by sworn written submission that exempted operational files likely to contain responsive records currently perform the functions set forth in subsection (b) of this section; and

(B) the court may not order the Central Intelligence Agency to review the content of any exempted operational file or files in order to make the demonstration required under subparagraph (A) of this paragraph, unless the complainant disputes the Central Intelligence Agency's showing with a sworn written submission based on personal knowledge or otherwise admissible evidence;

(5) in proceedings under paragraphs (3) and (4) of this subsection, the parties shall not obtain discovery pursuant to rules 26 through 36 of the Federal Rules of Civil Procedure, except that requests for admission may be made pursuant to rules 26 and 36;

(6) if the court finds under this subsection that the Central Intelligence Agency has improperly withheld requested records because of failure to comply with any provision of this section, the court shall order the Central Intelligence Agency to search and review the appropriate exempted operational file or files for the requested records and make such records, or portions thereof, available in accordance with the provisions of section 552 of title 5, United States Code (Freedom of Information Act), and such order shall be the exclusive remedy for failure to comply with this section; and

(7) if at any time following the filing of a complaint pursuant to this subsection the Central Intelligence Agency agrees to search the appropriate exempted operational file or files for the requested records, the court shall dismiss the claim based upon such complaint.

DECENNIAL REVIEW OF EXEMPTED OPERATIONAL FILES

SEC. 702. (a) Not less than once every ten years, the Director of Central Intelligence shall review the exemptions in force under subsection (a) of section 701 of this Act to determine whether such exemptions may be removed from any category of exempted files or any portion thereof.

(b) The review required by subsection (a) of this section shall include consideration of the historical value or other public interest in the subject matter of the particular category of files or portions thereof and the potential for declassifying a significant part of the information contained therein.

(c) A complainant who alleges that the Central Intelligence Agency has improperly withheld records because of failure to comply with this section may seek judicial review in the district court of the United States of the district in which any of the parties reside, or in the District of Columbia. In such a proceeding, the court's review shall be limited to determining (1) whether the Central Intelligence Agency has conducted the review required by subsection (a) of this section within ten years of enactment of this title or within ten years after the last review, and (2) whether the Central Intelligence Agency, in fact, considered the criteria set forth in subsection (b) of this section in conducting the required review.

EXHIBIT BGS-17

(b) The President shall fully inform the intelligence committees in a timely fashion of intelligence operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, for which prior notice was not given under subsection and shall provide a statement of the reasons for not giving pr notice.

(c) The President and the intelligence committees shall each establish such procedures as may be necessary to carry out the provisions of subsections (a) and (b).

(d) the [1] House of Representatives and the Senate, in consultation with the Director of Central Intelligence, shall each establish by rule or resolution of such House, procedures to protection from unauthorized disclosure all classified information and all information relating to intelligence sources and methods furnished to the intelligence committees or to Members of the Congress under this section. In accordance with such procedures, each of the intelligence committees shall promptly call to the attention of its respective House, or to any appropriate committee or committees of its respective House, any matter relating to intelligence activities requiring the attention of such House or such committee or committees.

(e) Nothing in this Act shall be construed as authority to withhold information from the intelligence committees on the grounds that providing the information to the intelligence committees would constitute the unauthorized disclosure of classified information or information relating to intelligence sources and methods.

SECTION 662 OF THE FOREIGN ASSISTANCE ACT OF 1961 (22 U.S.C. 2422) (THE "HUGHES-RYAN AMENDMENT")

SEC. 662. LIMITATION ON INTELLIGENCE ACTIVITIES.—No funds appropriated under the authority of this or any other Act may be expended by or on behalf of the Central Intelligence Agency for operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, unless and until the President finds that each such operation is important to the national security of the United States. Each such operation shall be considered a significant anticipated intelligence activity for the purpose of section 501 of the National Security Act of 1947.

SECTION 112b OF TITLE 1, UNITED STATES CODE (UNITED STATES INTERNATIONAL AGREEMENTS) (THE "CASE ACT")

§ 112b. United States international agreements; transmission to Congress

(a) The Secretary of State shall transmit to the Congress the text of any international agreement (including the text of any oral international agreement, which agreement shall be reduced to writing), other than a treaty, to which the United States is a party as soon as practicable after such agreement has entered into force

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[1] So in original.

EXHIBIT BGS-18

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THE WHITE HOUSE
WASHINGTON

Ollie -

Could you take a look at this draft and give me your comments (at your leisure, of course)

Thanks.

Brett Sciaroni

NGS
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LI KZ

15 May 1987

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THE LEGAL BASIS FOR COVERT ACTION

EXECUTIVE SUMMARY

During the debate on the administration's Central America prog a number of allegations have been made regarding the legality of th covert action program. Arguments have been made regarding the lega basis of covert action and the implications for U.S. policy. It i the conclusion of this memorandum that covert action is legal.

o Presidential authority exists for covert action. The legal authority of the U.S. government to engage in covert action, especi in covert paramilitry operations, has been questioned. The Presid by virtue of his constitutional powers and supported by case law, can and has authorized covert action.

o Congressional authority exists for covert action. Congress has authorized covert action by the Central Intelligence Agency in general by the National Security Act of 1947. In addition, it has specifically authorized and ratified covert action by the CIA throu a series of legislative enactments starting with the Hughes-Ryan Amendment to the Foreign Assistance Act of 1961 and including Intelligence Authorization Act, (amending Hughes-Ryan in 1980) the Boland Amendment, the Intelligence Authorization Act for FY 1984, and the Continuing Resolution for Fiscal Year 1985. Much of the legislation has to do with the covert action program in Central America and the Congress has ratified paramilitary covert action on a number of occasions.

o Covert intervention is legitimate. Some critics state that covert action is illegitimate because it violates a rule against no intervention in other societies. But this is a norm that is not observed by any government. Even an administration critic like Lesl Gelb has stated that "all foreign policy is the extension of one's internal policies into the internal politics of another nation."

o The overt nature of covert action. A critic has stated that it is an "illogical and illegal absurdity" to pretend that the U.S. is not providing military assistance when it is "widely and publicly known that we are." There is no contradiction between covert operations and public knowledge of the covert program. There is onl a contradiction between covert operations and public acknowledgement of the program. In fact, large paramilitary operations by their very nature cannot be kept secret. But there are a number of reason why a policy of "plausible denial" should be maintained. Diplomatic relations with the country in question can be continued and it is

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essential to protect third parties whose involvement or acquiesence the covert action is necessary. In addition, the American legal tradition as well as international law has long utilized legal fict where the falsehood of an assumed fact is understood. U.S. lack of acknowledgement of covert paramilitary activities in which its role obvious is a legal fiction insofar as certain pretences are being maintained. It is not illegitimate to use this formality and in fa the Congress has approved of this mechanism.

o Support for the Nicaraguan Democratic Resistance does not conflict with U.S. recognition of the Sandinista regime. Critics have complained that the U.S. government is inconsistent in both granting the Sandinista regime diplomatic recognition and in questioning its legitimacy. In fact, there is no legal requirement that the U.S. government terminate relations with another governmen even if it believes that the government is illegitimate. Furthermo there are a number of good reasons to retain deplomatic relations including protecting the interests of our government and citizens there. In this regard it is somewhat ironic that some of the criti who raise the question of diplomatic status with a regime we consid illegitmate also support negotiations with the same regime, somethi that would be impeded if diplomatic relations were terminated.

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THE LEGAL BASIS FOR COVERT ACTION

As mentioned above, some of the criticism of the CIA and its programs in Central America is very general in nature and the allegations concerning the illegality of covert action lack specifi However, there is one line of thought which implies that all covert action is illegal. Some of the analysis regarding its legality is detached and academic, other critics use emotionally charged rhetor characterizing covert action as illegal in some undefined way.[1] In either case, there is an fundamental assumption that covert action in itself is not in conformity with the law and that issue needs to be discussed before any particular laws of the United States can be examined so as to determine if they have been breache

Covert action has been defined in a variety of ways. One legislative committee tersely defined it as "clandestine activity designed to influence foreign governments, events, organizations, or persons in support of U.S. foreign policy conducted in such a way that the involvement of the U.S. government is not apparent."[2]

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[1] See, generally, Falk, "An Alternative to Covert Intervention," PRC 69th ANN. MEETING AM. SOC'Y INT'L L. 195 (1975); "The Central Intell gence Agency: Present Authority and Proposed Legslative Change, 62 VA L. REV. 332, 358 (1976); and "Should the U.S. Fight Secret Wars?" Harper's September, 1984, at 33 (statement of M. Halperin). For specific statements regarding the legality of covert action with regard to Central America, see, e.g., 128 CONG. REC. H9148 - H9159 (daily ed. Dec. 18, 1982); "Illegal, Deceptive and Dumb," N.Y. Times, April 11, 1984, § A at 26, Col. 1; 131 CONG. REC. S4051 (daily ed. April 3, 1985) (Remarks of Senator Dave Durenberger before the National Press Club, March 26, 1985); and 131 CONG. REC. H1693 (daily ed. April 1, 1985) (Democratic Response of Hon. Bill Alexander to President Reagan's Radio Address, March 30, 1985).

[2] FINAL REPORT OF THE SELECT COMMITTEE TO STUDY GOVERNMENTAL OPERATI WITH RESPECT TO INTELLIGENCE ACTIVITIES, S. REP. NO. 755, Book I, 94th Cong., 2d Ses. 131 (1976) [hereinafter cited as GOVERNMENTAL OPERATIONS]; See also COMMISSION ON CIA ACTIVITIES WITHIN THE UNITED STATES, REPORT TO THE PRESIDENT 48 (1975) [hereinafter cited as ROCKEFELLER REPORT].

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In the early post-Second World War period the National Securit Council defined the authorized range of covert action that the CIA could engage is as:

> "propaganda; economic warfare, preventive direct action, including sabotage, anti-sabotage, demolition and evacuation measures; subversion against hostile states, including assistance to guerrilla and refugees liberation groups, and support of indigenous anti-Communist elements in the threatened countries of the free world."[3]

The authority to engage in covert operations, whether of the political or paramilitary type, is not, of course, specifically gra in the Constitution. However, the President's ability to commit U. operatives or resources to a covert operations has been associated the fulfillment of his constitutional duty to "take care that the la be faithfully executed,"[4] the vesting of the "executive power" in t President,[5] and his role as "Commander-in-Chief of the Army and Nav the United States."[6] Although the President is not specifically ve with the power to make foreign policy, under which covert action is subsumed, it was recognized from the first days of the Republic tha the implication of the powers granted to the President was that he the "sole organ of the nation in its external relations, and its sol representative with foreign nations."[7]

This view of the President as the sole organ of foreign policy has been endorsed by Supreme Court. Despite the lack of a

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[3] NSC Directive, 5/18/48, cited in GOVERNMENTAL OPERATIONS 132.

[4] U.S. Const., Art. II, §3.

[5] U.S. Const., Art. II, §2.

[6] U.S. Const., Art. II, §2.

[7] 10 ANNALS OF CONG. 613 (1800) (Statement by John Marshall.) That foreign policy powers would naturally gravitate toward the nation's executive was foreseen by John Jay writing in Federalist Paper No.

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specific constitutional grant of authority it has ruled that the powers requisite to the conduct of external relations do not depend upon the affirmative grants of the Constitution but rather inhere in the federal government as necessary attributes of U.S. sovereignty.[8] The President has a "delicate, plenary and exclusive power . . . as the sole organ of the federal government in the field of international relations -- a power which does not require a basis for its exercise an act of Congress, but which, of course, like every other governmental power, must be exercised in subordinat to the applicable provisions of the Constitution."[9]

The President has clearly stated that the Central Intelligence Agency will conduct covert activities in his promulgation of executi orders concerning intelligence matters. The President can issue executive orders by virtue of the executive power vested in his offi and they have the effect of a statute. Executive orders are a part of the law of the land and thus constitute a source of public policy. President Reagan issued Executive Order 12333 on December 4 1981 giving the CIA legal authority for covert action. Section 1.8 of the Order, which enumerates the duties and responsibilities of the Agency, provides (at 1.8(e)) that CIA shall conduct "special activities" approved by the President. Special activities are defined by Section 3.4(h) of the Order as ". . . activities conducted in support of national foreign policy objectives aboard which are planned and executed so that the role of the United States Government is not apparent or acknowledged publicly, and functions in support of such activities . . . ." The President in keeping with his executive power, has clearly authorized covert action as a CIA activity.

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[8] United States v. Curtiss-Wright Export Corp., 299 U.S. 304, 318 (19

[9] Id. at 320.

One could conclude that the President's power to authorize covert action, like other instruments of foreign policy, is derivative of his constitutional responsibilities.[10] However there are other bases for his actions in this regard including Congressio authorization and ratification. The genesis of the argument that the Congress has authorized or ratified employment of covert action by the Executive Branch lies in the passage of the National Securit Act of 1947.[11] Although the Act does not specifically refer to covert action, Section 120(d)(5) is commonly cited as the statutory basis for such action. It states that the CIA shall "perform such other functions and duties related to intelligence affecting the national security as the National Security Council may, from time to time, direct." The legislative history does not provide a precise understanding of what that section means, e.g. what type of actions were being authorized ahd whether it included covert action.[12] It is unclear what the words "related to intelligence affecting the national security" meant and whether those drafting the act understood the range of actions that could be subsumed under the aegis of covert operations. However, according to one

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[10] "The Central Intelligence Agency: Present Authority . . . " supra at 372.

[11] 50 U.S.C. § 401-05.

[12] Legislative history can be used to clarify ambiguous or vague portions of a statute. United States v. Donrus Co. 393 U.S. 297 (1965); United States v. Public Utilities Commission California 345 U.S. 295 (1953).

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of the drafters of the Act, the aim was to give the CIA "the maximu flexibility in the field of foreign intelligence so that it could carry out whatever it was properly directed to do."[13] This assessment was supported by the report of the Chruch Committee. In its judgment, the National Security Act "was designed to provide flexibility to the newly created CIA so that it could meet unforesee challenges. Flexibility was provided through an undefined and apparently open-ended grant of authority to the National Security Council, and through it, to the CIA."[14] Soon after the enactment of the National Security Act, Section 102(d)(5) was cited by the National Security Council to authorize covert action by the CIA. Subsequently the Director of Central Intelligence used the same paragraph to claim authorization specifically for covert paramilita action.[15]

Other, more specific Congressional authorization or ratification of the CIA's covert action exists. Whatever may be said about Congressional appropriations for and knowledge of covert operations prior to 1975, certainly after the passage of the Hughes-Ryan amendment to the Foreign Assistance Act of 1961 the argument cannot be made that no Congressional authority exists.[16] On Decembe 30, 1974, Public Law Number 93-559 was enacted that provided:

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[13] Statement by Lawrence R. Houston, CIA General Counsel from 1947 to 1973, cited in "The Central Intelligence Agency: Present Authori . . . "supra at 332-333.

[14] GOVERNMENT OPERATIONS, *supra* at 475.

[15] *Id* at 477.

[16] The Church Committee argued that Congressional appropriations did not constitute ratification. GOVERNMENT OPERATIONS, *supra* at 496-602. *But see* "The Central Intelligence Agency: Present Authority. . . " *supra* at 366-369.

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> No funds appropriated under the authority of this chapter or any other Act may be expended by or on behalf of the Central Intelligence Agency for operations in foreign countries, other than activities intended solely for obtaining necessary intelligence, unless and until the President finds that each such operation is important to the national security of the United States and reports, in a timely fashion, a description and scope of such operation to the approppriate committees of the Congress, including the Committee on Foreign Relations of the United States Senate and the Committee on Foreign Affairs of the United States House of Representatives.[17]

The passage of the Hughes-Ryan amendment clearly authorizes covert action. Concommitant to the Congressional establishment of reporting system for covert action is the ratification of covert action. Indeed, as one of the authors of the legislative, Senator Harold Hughes (D-Iowa), explained, "The amendment provides for a procedure under which existing covert actions may be resumed or others may be undertaken to meet a genuine requirement for the national defense."[18]

Besides this positive authorization of covert action by the Congress, the legitimancy of these types of operations is implied Congress, the legitimancy of these types of operations is implied in the rejection of two bills that would have prohibited all covert action. On September 24, 1974 Congresswoman Holtzman offered a floor amendment to the continuing appropriations bill that would have prohibited the expenditure of funds by the CIA "for the purpos of undermining the destablizing the government of any foreign country."[19] The amendment was introduced because of allegations

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[17] 22 U.S.C. § 2422.

[18] 120 CONG. REC. 18062 (daily ed. Oct. 2, 1974).

[19] 120 CONG. REC. 32441.

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regarding the role of the CIA in the fall of the Allende government in Chile. The measure was defeated by a vote of 291-108.[20]

Subsequently, Senator James Abourezk offered an amendment to the Foreign Assistance Act of 1974 that would have barred the use of any funds for CIA activities "which violates, or is intended to encourage the violation of, the laws of the United States or of such country."[21] To make clear that the legislation was aimed at covert operations, an exception was made for "activity necessary to the security of the United States which is intended soley to gather intelligence information." Abourezk stated that the amendment would "abolish all clandestine or covert operations by the Central Intelligence Agency."[22] The Senate rejected the proposals by a vote of 69-17.[23]

Therefore, not only did Congress reject attempts to prohibit covert action by the executive branch, it acted affirmatively to endorse the use of covert activities in the enactment of a congressi reporting requirement. Even if one disregarded the language used by one of the authors of the Hughes-Ryan amendment which clearly indicated approval of covert operations, the implied approval in the text of the legislation would be sufficient. According the the Supreme Count "the enactment of legislation closely related to the question of the President's authority in a particular case which evinces legislative intent to accord the President broad

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[20] Id. at 32443.

[21] 120 CONG. REC. 33477.

[22] Id.

[23] Id. at 33482.

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discretion may be considered to "invite" "measures on independent presidential responsibility," Youngstown at 637 (Jackson, J., concurring). At least this is so where there is no contrary indicat of legislative intent and when, as here, there is a history of congressional acquiescence in conduct of the sort engaged in by the President."[24]

In fact, a series of legislative measures which have regulated covert operations in addition to the Hughes-Ryan amendment reaffirm the notion that Congress has authorized this particular tool of foreign policy. The laws governing covert action either by the imposition of reporting requirements or expenditure limits include the Intelligence Authorization Act,[25] the Boland Amendment to the Further Continuing Appropriation Act of 1983,[26] the Intelligence Authorization Act for Fiscal Year 1984,[27] and the Continuing Resolution for Fiscal Year 1985.[28] Many of these measures have imposed restraints on covert operations in Central America. Therefore not only has Congress authorized covert action in general by the imposition of reporting requirements and the creation of system of intelligence oversight, it has passed judgment on specific programs by imposing constraints or limitations. In fact, a decade of precedence has been created of ratification of covert action by congressional oversight. The system of Presidential findings and reports to Congress has meant that legislators have been informed of covert operations for the past decade. According to some news accounts, the Congress has at times found the executive branch to be sufficiently unenthusiastic about some covert operations as to vote for support in excess of administration request.[29]

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[24] Dames & Moore v. Regan, 435 U.S. 654, 678-79 (1981).

[25] 50 U.S.C. § 413. This act continued the Hughes-Ryan reporting requirement but limited it to the Senate and House Select Committees on Intelligence, among other changes.

[26] Pub. L. No. 97-377, 96 Stat. 1830.

[27] Pub. L. No. 98-215, 97 Stat. 1475.

[28] See Section 8066. 130 CONG. REC. H11884 (daily ed., Oct. 10, 198

One can reasonably conclude from the above that covert action is legal by virtue of both the foreign policy prerogatives granted the President in the Constitution and a sequence of Congressional actions in the post-World War II era that have both authorized and ratified the use of covert operations. There are a number of other arguments that have been made in the context of the issue of the legality of covert action. Some of these are, at best, quasi-legal arguments and are as follows:

o The legitimacy of covert intervention. There is a not uncomm notion that covert action is illegitimate "because it violates the norm of non-intervention in the politics of other societies."[30] Samual P. Huntington has observed that "This is a norm which is not observed by any government, it is one which, in a world of interdependence, is becoming increasingly obsolete."[31] He notes that efforts to influence the political processes in other socieitie is a legitimate thing to do. Governments do attempt to influence other governments through a variety of means, including covert action. It is well to remember that covert action encompasses not only paramilitary action, which has been highlighted in the case at hand, but also by covert political action, covert propaganda as well as intelligence deception operations.[32] So although paramilita action is among the most extreme forms that cover operations can assume, it is by no means the only form. Indeed, among the first covert actions approved by the National Security Council was support for political parties in elections in Greece in 1947 and Italy in 1948 in the response to Soviet efforts to bring about communist governments.[33] But regardless of whatever particular form covert action takes, there is a proper, legitimate role for it in the conduct of foreign policy. As one sometime critic of this administration has stated, "All foreign policy is the extension of one's internal policies into the internal politics of another nation."[34]

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[30] Huntington "Discussion," in INTELLIGENCE REQUIREMENTS FOR THE 1980's: For a statement of this viewpoint, see comments by Morton Halperin in Harper's, supra at 37.

[31] Hundington, supra.

o The overt nature of covert action. The object has frequently been made that it is an "illogical and illegal absurdity" to pretend that the U.S. is not providing military assistance when it is "widel and publicly known that we are."[35] Whether or not there is widespre knowledge about U.S. support for a particular covert operation has nothing to do with the logic or legality of the program. The key is not knowledge but acknowledgment, and so long as the U.S.

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[32] CIA "The Constitutional, Statutory and Legal Basis for Covert Action," Oct. 24, 1975.

[33] NSC Directive 4-A, Dec 17, 1947, NSC Directive 10/2, June 18, 1948; (both cited in CIA, supra note 32).

[34] Harper's, supra at 38 (statement of Leslie Gelb).

[35] 131 CONG. REC. S4050 supra.

government does not admit to participation in the operation, there can be value to the retention of its covert character.

First, it should be pointed out that most covert operations are secret in fact as well as in theory. An exception can be made for paramilitary covert activities, especially if they are large enough, because they cannot be kept secret. The specific details of the operation will typically be kept secret (i.e., sources of material supplied, means of resupply, etc.), however the fact that there are paramilitary operations cannot be kept secret because they are not clandestine.[36] The fact that the U.S. government supports certain operations tends to get into the public debate.[37] But even if there is widespread knowledge that the U.S. is involved in a particular covert action, there can be great value to adhering to a policy of "plausible denial."

The lack of acknowledgement of U.S. support for a covert action program can be useful if the U.S. government desires to retain diplomatic relations with the country in which the operations are transpiring and if official acknowledgement might lead to the termination of those relations. For example, when taking into account the poor relations that the U.S. has with the regime currently in power in Managua, there are many reasons why our consular offices remain useful. They aid American citizens who travel there and assist in the still considerable trade between the two countries.

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35 131 CONG. REC. 34050 supra.

[36] Pratt, "Operational Security," INTELLIGENCE REQUIREMENTS FOR THE 1980's: COUNTERINTELLIGENCE (R. Godson ed. 1980).

[37] Harper's, supra at 39.

The continuance of diplomatic relations also is helpful in the ongoing negotiations with the Nicaraguan government. The policy of "plausible denial can also be also be useful to protect third parties who are linked to the effort or are in some way involved in support for the covert operation. There may be other reasons for the retention of deniability as well.

In any case, adherence to a policy of non-recognition of U.S. government involvement in a covert operation is not a legal absurdit The Anglo-American jurisprudence has long utilized legal fictions where the falsehood of an assumed fact is understood. U.S. law embraces numerous legal fictions such as the status of the corporat as a legal person.[38] In international law as well legal fictions are frequently used such as the recognition of a government which does not appear to actually control any territory (such as is the case currently with Cambodia)[39] or the lack of recognition of a government's sovereignty over territory which it exercises control (as is the case with the U.S. government's refusal to recognize Soviet sovereignty over Latvia, Lithuania, and Estonia).[40] The lack of acknowledgement by the U.S. government of support for a covert action program which is widely believed to have U.S. support in analogous to a negative legal fiction in which something that exists is treated as if it did not. U.S. disavowal of involvement in

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[38] H. HENN, HANDBOOK OF THE LAW OF CORPORATIONS 108 (2d ed. 1970). See generally, H BLACK, BLACK'S LAW DICTIONARY 751 (4th ed. rev. 1968) and W. BEST, THE PRINCIPLES OF THE LAW OF EVIDENCE 289-292 (3rd ed. 1908).

[39] The United Nations continues to recognize the Pol Pot regime. See, "Credentials of Representatives to the Thirty-Seventh Session o the General Assembly." "U.N. Doc. A/37/543 (1982).

[40] M. NASH, DIGEST OF UNITED STATES PRACTICE IN INTERNATIONAL LAW 1979 111 (1983).

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large paramilitary operations in which its role is obvious is like a legal fiction insofar as certain pretences are being maintained so as to accomplish other goals. It is not illegimate to use this formality and in fact the Congress has approved of this mechanism.[41]

o Support for the Democratic Resistance vs Recognition of the Sandinista Government. Some critics of U.S. support for the democratic resfstance forces charge that it is inconsistent with continued recognition of the Sandinista regime in Managua. It has been suggested that if the U.S. government believes that the Sandinistas have lost their legitimacy, then perhaps we should terminate our diplomatic relations with Nicaragua.[42] While ending diplomatic relations with a hostile country is always an option, there are reasons why diplomatic relations are useful even under strained circumstances. As mentioned previously, trade and travel are facilitated by consular relations. More importantly, diplomatic initiatives to resolve outstanding disputes can be aided by having formal relations between the government. Ironically some of those that call the U.S. governmnet inconsistent and wonder why we continue diplomatic relations also advocate negotiations with Nicaragua which would, of course, be impeded if diplomatic relations were terminated.[43]

Legally there is no requirement that the U.S. government terminate relations with another government even if it believes that the government is illegitimate. Secretary of State Dean

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[42] 131 CONG. REC. S4051, supra.

[43] Id.

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Acheson addressed that issue before the Pan American Society of the United States:

> "When a freely elected government is overthrown and a new and perhaps militaristic government takes over, we do not need to recognize the new government automatically and immediately. We can wait to see if it really controls its territory and intends to live up to its international commitments. We can consult with other governments, as we have often done.
>
> "But if and when we do recognize a government under these circumstances, our act of recognition needs not be taken to imply approval of it or its policies. It is recognition of a set of facts, nothing more. We may have the gravest reservations as to the manner in which it has come into power. We may deplore its attitude toward civil liberties. Yet our long-range objectives in the promotion of democratic institutions may, in fact, be best served by recognizing it and thus maintaining a channel of communication with the country involved. In this way we are also able to discharge our basic function of protecting the interests of our government and our citizens there. Since recognition is not synonymous with approval, however, our act of recognition need not necessarily be understood as the forerunner of a policy of intimate cooperation with the government concerned."[44]

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[44] XXI DEPT STATE BULL. 534 at 462-4 (Sept. 26, 1949) ("Waging Peace in the Aemrica's" address of Secretary of State Acheson before the Pan American Society of the United States).

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PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

September 13, 1985

MEMORANDUM FOR ROBERT C. McFARLANE, ASSISTANT TO THE PRESIDENT
FOR NATIONAL SECURITY AFFAIRS

FROM: PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

SUBJECT: Legal Issues Concerning Certain Categories of Aid for the Nicaraguan Democratic Resistance Forces

At its last meeting the Board considered categories of assistance from the CIA for the FDN that are thought to be legal but had not been implemented. One of the items is the transfer of [redacted] and other military items already purchased with FY 1984 funds. We have reviewed Agency documents and have been briefed by Agency personnel on these matters and can report that the transfer of these items is lawful. This affirms the opinion of the Office of General Counsel of the Central Intelligence Agency. (Memorandum located at TAB A.)

Partially Declassified/Released on 18 May 1987 under provisions of E.O. 12356 by B. Reger, National Security Council

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Military Items Purchased with FY 1984 Funds: The legality of the transfer of military items [redacted] is dependent upon the time the obligation of funds took place. Regarding the purchase [redacted] the following sequence of events took place in 1984:

August:	The decision was made to purchase [redacted] A question arose as t whether there were sufficient funds left in the $24 million authorized to be spent in FY 1984. By late September the question had been positively resolved.
26 September:	The funding of the purchase [redacted] was approved and obligated.
28 September:	A request for covert payment was signed by the Operations Directorate for submission to the Monetary Division.
1 October:	The Monetary Division sent a letter to a covert entity to effectuate payment.

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5-9 October: The seller's account was credited with the payment.

10 October: Enactment of the final continuing resolution - H.J. Res. 648.

Review of the Statutory Provisions for FY 1985: There are several relevent statutes that must be analyzed and applied to the facts of this case. Of course, with regard to the constraints imposed by the FY 1984 legislation, the CIA determined in August 1984 that the purchase and transfer [redacted] would not violate the $24 million cap on expenditures in support of the Presidential Finding in Nicaragua. That issue being resolved, the statutory provisions remaining for consideration include:

- H. J. Res. 653 (Making continuing appropriations for FY 85). On 1 October 1984 Congress passed this resolution which provided in section 106 that:

  > (c) No appropriations or funds made available pursuant to this joint resolution to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement or individual.[1] [Emphasis added.]

- H. J. Res. 648: This was the final Continuing Resolution passed by the Congress on 10 October 1984 and provides at section 8066:

  > (a) During fiscal year 1985, no funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua . . . [Emphasis added.]

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[1] This language remained unchanged through subsequent enactment o three further continuing resolutions; H. R. RES. 656 (passed 4 October), H. J. RES. 659 (passed 5 October), and H. J. RES. 663 (passed 9 October). Thus, the language of H. J. RES. 653, *supra*, was in effect during the period 1-10 October 1984.

passage of the Continuing Resolution, [illegible] stated that "this prohibition applies to all funds available [illegible] fiscal year 1985 regardless of any accounting procedure at any agency."[2]

Analysis of the Statutory Provisions: The key to the legali [redacted] depends on the time when the funds were obligated. According to the Agency, funds are obligated when the appropriate official approves an expenditure. In this case, the Chief of the Latin American Division signed a request for covert payment on 28 September 1984 and thus obligated the funds for the purchase [redacted] Clearly this was done entirely within FY 1984. Had the officer not signed the payment authoriza on September 28, 1984, then the fiscal year would have lapsed without the obligation having been made and the money would have been turned back to the Treasury. Even if the money had come from the special two-year reserve funds obligated in FY 1984 and avail through FY 1985, the obligation would have been legal up to the passage of the final Continuing Resolution on 10 October 1984 because of the language of the series of continuing resolutions in early October. They prohibited the obligation or expenditure of "appropriations or funds made available to this joint resolution. Clearly this prohibition applied to FY 85 funds, not FY 84 funds. Contrast that language with section 8066 of the final Continuing Resolution which prohibited the obligation or expenditure of funds "available" during fiscal year 1985. That section, reiterated in the Intelligence Authorization Act passed the next day, prohibits any further use of unobligated funds left over from FY 1984. But it does not prohibit the use of funds already obligated, such as those used to purchase [redacted]

Transfer of [redacted] Because the [redacted] obligated for the purchase [redacted] it would also be legal for the CIA to deliver [redacted] to the contras. (Of course, if [redacted] costs had not been obligated before October 10, 1984, then the Nicaraguan freed fighters would have to pick up [redacted] and provide the financ to transport it.)

Other Miscellaneous Military Materiel Purchased with FY 84 Funds: The above analysis should be applied to other categories military assistance purchased with FY 84 funds obligated prior to

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[2] 130 CONG. REC. H 11980 (daily ed. Oct. 10, 1984).

[3] According to the OGC/CIA memorandum on this matter, funds oblig in FY 84 technically are not available in FY 1985: "The 'obligat or expended' language probably was intended to address the two ye reserve for contingencies, as well as address funds both obligate and expended during FY85, but was not intended to address funds obligated in FY84 and expended in FY85. Such funds generally are not considered available in a subsequent fiscal year because, if not used for the purpose for which obligated, they must be deobli and returned to the U.S. Treasury as miscellaneous receipts."

[illegible]

[redacted] that were returned to the
for repair under a preexisting contract (i.e., there was a warran
After they were repaired but before they were returned to the contras the Continuing Resolution came into effect and they were not transferred.

So long as it can be shown that the funds to purchase such items were obligated before the end of the fiscal year the above items can be transferred. If transportation costs were not obliga at the time the funds for purchase were obligated, the Nicaraguan freedom fighters would have to pick them up and transport them to Central America for the transfer to be legal.

EXHIBIT BGS-20

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THE WHITE HOUSE
WASHINGTON

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PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

March 14, 1986

MEMORANDUM

FOR PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

FROM BRETTON G. SCIARONI
COUNSEL

SUBJECT The Legality of the Provision of Basic Military Training for the Nicaraguan Democratic Resistance

ISSUE: Can the Central Intelligence Agency or any other agency of the U.S. Government provide basic military training to the Nicaraguan democratic resistance?

SUMMARY: The Intelligence Authorization Act for FY 1986 authorizes the obligation or expenditure of funds by the Central Intelligence Agency, the Department of Defense, or other intelligence-related agencies of the U.S. Government to provide basic military training for the Nicaraguan democratic resistance so long as such training does not amount to the participation in the planning or execution of military or parmilitary operations in Nicaragua. Neither the passage of the legislation providing humanitarian aid, which specifically prohibits the use of its funds for military training, or the recent defeat of proposed military aid to the Nicaragua democratic resistance affects the conclusion that basic military training is permissible under current law.

BACKGROUND: In October 1984 the Congress terminated funding for military assistance for the Nicaragua democratic resistance.[1] In April 1985 the Congress voted to continue a strict prohibition against any assistance whatsoever for the Nicaraguan democratic resistance.[2] However, shortly thereafter the President of Nicaragua, Daniel Ortega Saavedra paid made an official visit to Moscow where on April 28, 1985 he signed the Soviet-Nicaraguan Cooperation Pact. The Congress then reversed itself on the issue of assistance for the Nicaraguan freedom fighters and, in a series of legislative enactments, and allowed for limited U.S. involvement with the democratic resistance. The Congress appropriated $27 million in humanitarian assistance,[3] approved the provision of intelligence and advice by the Central Intelligence Agency to the FDN,[4] and approved the provision of communications equipment and training by the CIA.[5]

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[1] Intelligence Authorization Act for Fiscal Year 1984, Pub. L. No. 98-618, § 801, 98 Stat. 3304 (1984)

[2] 131 CONG. REC. H2391 (daily ed. April 24, 1985).

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During the period of time since the absolute prohibition was lifted the issue concerning what the Agency can and cannot do has been the subject of debate. The issue examined in this memorandum is whether the definition of "advice" would include military training for the contras.

The topic of training is a significant one since the FDN faces an increasingly professional Sandinista military. The Soviet and Cuban provision of sophisticated equipment such as the MI-24 HIND helicopters and other military equipment is well known. At the same time, the Soviets and Cubans are providing other support such as specialized training for the counterinsurgency units known as BLIs, radio intercept and direction finding equipment, and radar and communications equipment. All of this means that the Sandinista ability to intercept and decipher FDN radio traffic, predict FDN plans and operations, locate FDN units in the field and respond to them in a timely manner is growing.

Given the increased threat and sophisticated counterinsurgency support that is being rendered by the Soviets and Cubans, there is an acute need to professionalize the FDN and other contra military units. In the early 1980s the U.S. Government insisted that former members of Somoza's National Guard be purged from the FDN ranks. As a result for most of its existence the FDN has been without professional military guidance or training. The FDN's tactics in the field reflect this state of affairs. FDN soldiers typically operate in their home areas and utilize their own local intelligence network. The FDN task forces primarily employ hit and run tactics aimed at targets of opportunity and have been fairly successful at this type of warfare in the past when they were adequately supplied. However, this situation will not continue. At best the FDN has had a static situation for the past two years in terms of training and operations. Even with renewed military aid, the prognosis for the FDN will not significantly improve unless training is provided. The Sandinistas on the other hand, are growing more sophisticated due to the massive Soviet and Cuban intervention. In order to counter the increased capabilities of the Sandinistas the FDN needs professional military training if it is to survive in an increasingly hostile environment. The discussion below addresses the critical issue of whether, under the existing legislation, the Central Intelligence Agency or other agencies of the U.S. Government are legally permitted to render such training to the Nicaraguan democratic resistance.

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[3] Supplemental Appropriations Act, 1985, Pub. L. No. 99-88, 99 Stat. 324.

[4] Intelligence Authorization Act for Fiscal Year 1986, Pub. L. No. 99-169, 99 Stat. 1002

[5] Id.

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LEGISLATIVE ANALYSIS Of the two acts that modified the prohibition on U.S. Government involvement with the Nicaraguan democratic resistance, the most germane to this discussion is the Intelligence Authorization Act for Fiscal Year 1986. This act permits basic military training while the legislation allowing for the provision of humanitarian assistance explicitly prohibited the use of its funds for such a purpose.

o The Intelligence Authorization Act for Fiscal Year 1986 permits basic military training. According to the Intelligence Authorization Act for FY 1986.

> Sec. 105. (a) Funds available to the Central Intelligence Agency the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated and expended during fiscal year 1986 to provide funds, materiel or other assistance to the Nicaraguan democratic resistance to support military or paramilitary operations in Nicaragua only as authorized in Section 101 and as specified in the classified Schedule of Authorizations referred to in Section 102, or pursuant to Section 502 of the National Security Act of 1947, or to Section 106 of the Supplemental Appropriations Act, 1985 (P.L. 99-88).[6]

The language of this section does not make clear what is allowed under the legislation. However Section 105 makes specific reference to another section of the Intelligence Authorization Act as well as sections of two other acts, any one of which might authorize the release of funds for the contras. It should be noted that the three provisions incorporated into Section 105 by reference are not cumulative in effect but stand independent of each other the satisfaction of the requirements of any one of them will satisfy the requirements of Section 105. Therefore, an examination of all of the other three provisions is necessary to see if military training is precluded.

- Section 101 of the Fiscal Year 1986 Intelligence Authorization Act, as specified in the Classified Schedule of Authorizations referred to in Section 102. On its face, Section 101 merely lists the elements of the U.S. Government for which funds are authorized to conduct intelligence and intelligence-related activities without reference to what specifically is being authorized.[7] However, it is a well settled principle that extrinsic aids may be considered for purposes of interpretation when a statue is ambiguous or unclear.[8] Therefore the report issued by a conference committee representing both Houses can

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[6] Supra note 4 at 1003

[7] Id. at 1002

[8] N. SINGER, 2A SUTHERLAND STATUTORY CONSTRUCTION § 48.01 (1984).

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be used as an aid in construing ambiguous statutes[9] and, indeed, can be considered as the authoritative interpretation.[10] The Joint Explanatory Statement of the Conference Report provides the following information "Classified amounts are authorized in Section 101 for intelligence agency infrastructure expenditures related to activities such as the provision of information and advice to the Nicaraguan democratic resistance . . ."[11] [Emphasis added]

Several things should be noted about this language. First, Section 101 allows the provision of "information and advice" without further defining what that means. It could mean basic military training. Second the phrase "information and advice" is condition by the words "such as" so that the permissible activities are not limited strictly to "information and advice" however that is define Finally the intelligence agency infrastructure for which funding is available could be interpreted to mean approval for the funding of trainers.

- Section 502(b) of the National Security Act of 1947, as contained Section 401 of the Fiscal Year 1986 Intelligence Authorization Act This section states that "Funds available to an intelligence agency may not be made available for any intelligence or intellige related activity for which funds were denied by the Congress."[12] In explaining this section the Conference Report states "The conferees have agreed to deny all funding requested by the administration for the paramilitary covert action program for Nicaragua."[13] This would seemingly preclude military training except that it would also seem to proscribe the communications equipment and intelligence sharing as well. Following the statement cited above is the explanation that Section 502 does not apply to funds available pursuant to Section 101 of the Conference Report and the Classified Schedule of funds available pursuant to Section 106 of P. L. 98-88 (described below). The Conference Report then states that the purpose behind this section is to make approval either of a reprogramming or of a transfer of funds the only way in which funds, materiel, or other assistance beyond what is authorized in Section 101 and the classified Schedule referred to in Section 102, and what is available in Section 106 of the Supplemental Appropriations Act 1985, could be provided to the Nicaragua democratic resistance

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[9] *Id*. at §48.08.

[10] Since the conference report represents the final statement of terms agreed to by both Houses of Congress, next to the Statute itself, it is the most persuasive evidence of congressional intent. *Demby* V. *Schweiker*, 671 F2d 507 (CA DC 1981)

[11] INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1986, H. R. 99-373, 99th Cong. 1st Sess. 14 (1985)

[12] *Supra* note 4 at 1005.

[13] Supra note 11 at 15.

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In other words this section precludes the use of the CIA's Reserve for Contingencies. Overall, Section 502 does not enhance our understanding of what is permissable under Section 105 of the Intelligence Authorization Act for FY 86.

- Section 106 of the Supplemental Appropriations Act, 1985 (P.L. 99-88). This section merely provides the procedure for expedited Congressional consideration of a Presidential request for assistan for the Nicaraguan democratic resistance.

Of the three acts through which funds might be authorized to be obligated or expended to give assistance to the Nicaraguan democratic resistance, only Section 101 of the Intelligence Authorization Act for FY 1986 could be used to permit military training under its language permitting "activities such as the provision of information and advice." Although no definition is given with regard to what that "advice" could entail in the context of Section 105 of the Act, it is once again necessary to return to the explanation given by the Conference Report.[14] It states that:

> The conferees note that under current law and the restriction contained in Section 105 of this Conference Report, the intelligence agencies may provide advice, including intelligence and counterintelligence advice, and information, including intelligence and counterintelligence information, to the Nicaraguan democratic resistance. Section 105 does not permit intelligence agencies to engage in activities, including training other than the communications

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[14] The Conference Report is the most authoritative interpretation of legislative language. *Supra* note 10. It supersedes the explanation on the specific matter in question provided in the Committee Report of either House. In this case, it supersedes the explanation provded in the Report of the House Permanent Select Committee on Intelligence. While the Senate did not have a statement relating to the provision of information and advice to the contras the House Report states that " . . . the prohibition that applies to supporting Nicaraguan insurgents or 'contras' applies only to the provision of funds, goods, equipment, civilian or military supplies, or any other material, but does not include the provision of intelligence information or advice to the contras." [Emphasis added] H.R. Rep. 99-106, Part 1, 99th Cong., 1st. Sess. 6 (1986). The implication of the underlined phase is that what is allowed is intelligence information or intelligence advice. Thus the explanation provided in the House Report arguably would exclude all training. However, as has been observed, that explanati was superseded by the explanation provided in the Conference Report. In addition, the surrounding language in the House Report as well as the explanation of the House Report provided in the conference Report undercuts the proposition that training was prohibited. The House Report refers to the prohibition of "any such funds with the effect of providing arms, ammunition or any other weapons of war." [emphasis added] *Supra* note 11 at 14. No mention is made of military training.

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> training provided for pursuant to Section 105 *that amount to participation in the planning or execution of military or paramilitary operations in Nicaragua by* the Nicaraguan democratic resistance, or to participation in logistics activities integral to such operations.[15] [Emphasis added]

The first sentence notes that "advice, *including* intelligence and counterintelligence advice" may be provided to the Nicaraguan democratic resistance. Although it does not state that training is included, neither does it say that it is excluded. In other words, advice is not defined as "intelligence and counterintelligence advice" to the exclusion of all other forms of advice. It simply emphasizes two types of advice that are to be included and, as writte is not exhaustive.[16]

The more critical language is in the second sentence. Training is prohibited other than communications training which has a special exemption. But the training that is prohibited is defined as training that amounts to "participation in the planning or execution of military or paramilitary operations in Nicaragua" or "to participation in logistics activities integral to such operations."

There are two possible interpretations of that language. One would suggest that all military training is prohibited by that language. It can be argued that all military training would amount to participation in the planning or execution of military or paramilitary operations in Nicaragua. However it is a well accepted principle of statutory interpretation that all the particulars of the statutory language must be given their due weight and that, for example, the choice of a narrowly defined prohibition by the legislators implies their rejection of a more broad prohibition. Therefore, since Congress, instead of a simple prohibition against all military training whatsoever, opted to prohibit only training that amounts to participation in the planning or execution of milita or paramilitary operations in Nicaragua, it follows that other forms of training are permissible.

Thus the better view is that specific advice or training with operational implications is prohibited, but not generic military training. Generic military training can be defined as that sort of basic training that one would include individual soldiering skills such as marksmanship, camouflage, movement techniques, first aid,

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[15] *Supra* note 11 at 16. It should be noted that, although Committee reports carry greater weight, Congressional debate can be referred to in order to interpret ambiguous or unclear language. SUTHERLAND STATUTORY CONSTRUCTION, *supra* note 8 at § 48.06. However discussion in the Congress of this language does not further define what is meant by advice or training. *See, e.g.* 131 CONG. REC H10294 (daily ed. November 19, 1975) (remarks of Cong. Hamilton); *Id.* at H10297 (remarks by Cong. Bonior); and 131 CONG. REC. S16074 (daily ed. November 21, 1985) (remarks of Senator Durenberger).

[16] This is in keeping with the Conference Committee's understanding of Section 101 of the Intelligence Authorization Act which authorize "expenditures related to activities *such as* the provision of information and advice . ." *Supra* note 11 and accompanying text.

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transportation of wounded persons, communications techniques, supply discipline, crew served weapons training, personal hygiene, night training, intelligence reporting, patrolling techniques and construction of individual fortifications etc.

These are generic military training categories and would not violate the prohibition included in the Conference Report against training that amounts to participation in the planning or execution of military or paramilitary operations in Nicaragua." [Emphasis added] Instead the prohibited forms of activities would include U.S. government participation in target selection, operations planning, the integration of fire support and manuever with regard to specific targets, and specific logistical planning for operations inside Nicaragua. This kind of training would be specifically referenced to the geography demographics, climate, communications and transportation systems, Sandinista order of battle, and other conditions or circumstances of Nicaragua. In other words, the prohibited training is operations oriented and specific in nature and can be clearly distinguished from generic military training which is not aimed at any particular circumstances or location. The list of individual soldiering skills listed above is not peculiar to any country or region and the involvement of CIA, the Department of Defense or of any other intelligence agency in such training would not violate the prohibition in Section 106 against involvement in the planning or execution of paramilitary operations in Nicaragua.

o Senate statements precluding training in the context of humanitaria aid: According to the earliest public discussion on the subject of training the two Senate authors explicity rejected the notion that training would be provided through the Supplemental Appropriation Act, 1985. Two relevant sections of the Nunn-Lugar Amendment to the Department of State Authorization Act for FY 1986 state: ?

> (g) As used in this section, the term "humanitarian assistance" means the provision of food, clothing, medicine, other humanitarian assistance and transportation associated with the delivery of such assistance. Such term does not include weapons, weapons systems, ammunition, or any other equipment or materiel which is designed, or has as its purpose, to inflict serious bodily harm or death.
>
> (h) Nothing in this section precludes sharing or collecting necessary intelligence information by the United States.[17]

Training is not explicitly prohibited in the text of the legislation, however it is clear from statements made by one of the Senate co-authors that it was to be excluded: For example, Senator Sam Nunn stated at one point that "it is clear that humanitarian assistance would not include training the Contras for military activity."[18]

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[17] 131 CONG. REC S7628 (daily ed. June 6, 1985)

✓ [18] 131 CONG. REC S7638-39 (daily ed. June 6, 1985) (colloquy between Sen. Nunn and Sen. Harkin)

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Training is precluded as it related to both the sharing of intelligence information and provision of materiel. However, this prohibition was done in the context of the humanitarian aid package, ultimately to be administered by the Department of State a not in the intelligence authorization or appropriations act. In othe words, the money appropriated by Congress as humanitarian aid could not be used for training.[19]

It is also significant that the attempts to amend the humanitarian aid legislation so as to explicitly prohibit training were defeated. An amendment proposed by Sen. Harkin would have defined the language "no materiel assistance" to include "military training, advice, and activities in support of military operations."[2 In the House of Representatives, an attempt to amend the Michel amendment by Congressman Boland on similar ground was defeated as well.[21] But even if these amendments had passed they would have only have had an impact on the humanitarian aid legislation

o The legality of military training is not affected by the defeat of the request for additional authority and assistance for the Nicaraguan democratic resistance. On February 27, 1986 a Joint Resolution was introduced in the U.S. Congress requesting approval for additional assistance for the Nicaraguan democratic resistance.[22] Although the President's message did not make reference to military training, it was an open-ended request for authority to obligate and expend at least $70 million of the $100 million requested for military assistance. Subsequently a second message was sent to the U.S. Congress further detailing how the funds were to be spent. Specific reference was made to various types of training permitted during the first ninety days following Congressional approval of the request.[23] Without commenting on whether the subsequent Presidential Message was legally binding on the original Joint Resolution, the defeat of the latter even if conditioned by the

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[19] It should be pointed out that no money was being appropriated through the Nunn-Lugar amendment for intelligence sharing in any case the language of the amendment merely stated that such sharing was not precluded by the legislation. In addition, in a subsequent colloquy training was proscribed by Senator Nunn but again, this was done in the context of the humanitarian aid funds and the discussion dealt only with the issue of how the word "materiel" was and defined was not concerned with intelligence or advice. 131 CONG. REC. S7641-42 (daily ed. June 6, 1985) (colloquy between Sen. Nunn and Sen. Levin.

[20] 131 CONG. REC S7731 (daily ed. June 7, 1985).

[21] 131 CONG. REC H4143-53 (daily ed. June 12, 1985).

[22] 132 CONG. REC. S1788 (daily ed. February 27, 1986) and 132 CONG. REC H 741 (daily ed. February 27, 1986).

[23] President's Message to the Congress of the United States (March 19 1986) at 2.

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subsequent message would not affect the legality of military trainin under current laws. The entire legislation was defeated[24] not each separate part and the activities to be funded contained a mix of activities both currently permissable as well as prohibited.[25] Therefore the defeat of the legislative initiative does not prohibit training as it does not change laws currently in effect.

CONCLUSION The provision of generic military training is not precluded by current law so long as it is conducted outside of Nicaragua without being directly linked to the planning and executio of military or paramilitary operations in Nicaragua.

Whether or not this activity is required to be reported under the provisions of the Hughes-Ryan Act, the history of the Central America program has demonstrated that it would be at least prudent to inform the appropriate congressional committees of this anticipated intelligence activity.

If training was to be provided there are several ways this could be accomplished. For example, the detailing of Special Operations Forces personnel to the Agency has been done in past for the purpose of training foreign personnel. Or the Agency might provide its own trainers. In any case, it is legal under current law to provide this kind of basic training. Of course, legislation currently being considered by the Congress might change the law with regard to training. However, should the current law not be affected by pending legislation, the analysis in this memoran would stand and basic military training would remain a legal activit

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[24]

[25] For example, support for democratic political and diplomatic activities was to be funded during the first ninety days and those activities can be currently funded according to existing legislatior

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EXHIBIT BGS-21

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[redacted]

April 8, 1986

MEMORANDUM

FOR: JOHN M. POINDEXTER, VICE ADMIRAL, U. S. NAVY
ASSISTANT TO THE PRESIDENT FOR NATIONAL
SECURITY AFFAIRS

FROM: PRESIDENT'S INTELLIGENCE OVERSIGHT BOARD

SUBJECT: The Legality of Providing Basic Military Trai
for the Nicaraguan Democratic Resistance

ISSUE: Can the Central Intelligence Agency or any other agen
the U.S. Government legally provide generic military training t
the Nicaraguan democratic resistance?

ANSWER: Yes, the Intelligence Authorization Act for FY 1986 p
mits the obligation or expenditure of funds by the Central
Intelligence Agency, the Department of Defense, or other intelli-
gence-related agencies of the U.S. Government to provide basic milita
training for the Nicaraguan democratic resistance so long as su
training does not amount to the participation in the planning or
execution of military or paramilitary operations in Nicaragua. Al-
though the statutory language does not explicitly allow such
training, the language of the Joint Explanatory Statement of the
Conference Report, which can be used in interpreting the Act,
prohibits only operational training, not generic military train-
ing. In addition, neither the passage of the legislation providing
humanitarian aid, which specifically prohibits the use of those
funds for military training, nor the recent defeat of proposed
military aid to the Nicaraguan democratic resistance by the Hous
of Representatives, alters the conclusion that the provision of
basic military training is permissible under current law.

BACKGROUND: In October 1984 Congress terminated funding for
military assistance to the Nicaraguan democratic resistance.[1] In
April 1985 Congress voted to continue a strict prohibition on a
assistance whatsoever for the Nicaraguan democratic resistance.[2]
However, shortly thereafter, the President of Nicaragua, Daniel
Ortega Saavedra, paid an official visit to Moscow, where on Apri
28, 1985 he signed the Soviet-Nicaraguan Cooperation Pact. Cong

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[1] Intelligence Authorization Act for Fiscal Year 1984, Pub. L.
No. 98-618, § 601, 98 Stat. 3304 (1984)

[2] 131 CONG. REC. H2391 (daily ed. April 24, 1985).

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under provisions of E.O. 12356
by B. Reger, National Security Council

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[illegible] the provision of communications [illegible] by the CIA.

In the aftermath of the congressional modification of the absolute ban on assistance to the FDN, a debate ensued over wh kind of U.S. involvement with the FDN was legally permissible. The specific issue addressed in this memorandum is whether the provision of generic military training for the FDN is permissib under current law. Generic military training is training that not keyed to any specific operation or operations and includes activities such as individual, unit, and technical training.

The question of training is a significant one since the FD faces defeat by an increasingly professionalized Sandinista mil. The Soviet and Cuban provision of sophisticated equipment such the MI-24 HIND helicopters and other military equipment has aug the fighting effectiveness of the Sandinista military. At the same time, the Soviets and Cubans are rendering such vital form of military support as training for counterinsurgency units su as BLIs, and furnishing radio intercept and direction finding equipment, and radar and communications equipment. All of th means that the Sandinista ability to intercept and decipher FD radio traffic, predict FDN plans and operations, locate FDN un in the field and respond to them in a timely manner is growing.

Given the increased threat presented by the Sandinista mil and the sophisticated counterinsurgency support that is being rendered by the Soviets and Cubans, there is an acute need to professionalize the FDN and other contra military units in ord for them to survive in the increasingly hostile environment. Th problem has been exacerbated by the fact that in the early 1980 the U.S. Government insisted that former members of Somoza's Nat Guard be purged from the FDN ranks. As a result, for most of it existence the FDN has been lacking professional military experti and training. The FDN's tactics in the field reflect this state of affairs. FDN soldiers typically operate in their home areas and utilize their own local intelligence network. FDN task forc primarily employ hit and run tactics aimed at targets of opportu and have been fairly successful at this type of warfare in the past when they were adequately supplied. However, this situatio is not likely to continue. At best the FDN has had a static sit for the past two years in terms of training and operations. Eve with renewed military aid, the prognosis for the FDN will not

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[3] Supplemental Appropriations Act, 1985, Pub. L. No. 99-88, 99 Stat. 324.

[4] Intelligence Authorization Act for Fiscal Year 1986, Pub. L. N 99-169, 99 Stat. 1002.

[5] *Id.*

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Analysis:[5] Of the two acts that modified the prohibition o Government involvement with the Nicaraguan democratic resista the most germane to this discussion is the Intelligence Authorizat Act for Fiscal Year 1986. This act permits the provision military training, while the legislation authorizing humanitar assistance appears to explicitly prohibit the use of humanitar aid funds for such a purpose.

1 The Intelligence Authorization Act for Fiscal Year 1986 Permi the Provision of Basic Military Training.

As with any issue of statutory construction, one "must b with the language of the statute itself."[6] The Intellig Authorization Act for FY 1986 provides in relevant part:

> Sec. 105. (a) Funds available to the Central Intellig Agency, the Department of Defense, or any other agenc entity of the United States involved in intelligence activities may be obligated and expended during fiscal 1986 to provide funds, materiel, or other assistance to Nicaraguan democratic resistance to support military or paramilitary operations in Nicaragua only as authorized in Section 101 and as specified in the classified Schedule of Authorizations referred to in Section 102, or pursuant to Section 502 of the National Security Act of 1947, or to Section 106 of the Supplemental Appropriations Act, 1985 (P.L. 99-88).[7] [Emphasis added.]

§105 does not itself specify what kind of activities allowed under the legislation. However, it makes specific refere to another section of the Intelligence Authorization Act and sections of the two other acts. It should be noted that the th sections incorporated into Section 105 by reference are not cum in effect but stand independent of each other and the satisfact of the requirements of any one of them will satisfy the requireme of Section 105. Therefore, if an examination of the other th sections reveals that any one of them allows for the provision generic military training to the FDN then such conduct would permissible under the Intelligence Authorization Act. In fa such an examination demonstrates that one of the three sections issue does authorize the expenditure for providing military trai to the FDN, while the remaining two sections do not address issue.

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[6] Bread Political Action Committee v. FEC, 455 U.S. 577, 580 (19 quoting Dawson Chemical Co. v. Rohm & Haas Co., 448 U.S. 176, (1980).

[7] Supra, note 4 at 1003.

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In its [illegible], Section 1[illegible] merely enumerate[illegible] U.S. Government for which funds are authorized to conduct in[illegible]gence and intelligence-related activities without referen[illegible] what specific activities are being authorized.[8] However, it is a well settled principle of statutory construction that ex[illegible] aids may be considered for purposes of interpretation when the statutory language ambiguous or unclear.[9] Therefore, a report issued by a conference committee representing both Houses can [illegible] used as an aid in construing ambiguous statutes[10] and, indeed, is generally considered to be the authoritative interpretati[illegible]. The Joint Explanatory Statement of the Conference Report pro[illegible] that" "Classified amounts are authorized in Section 101 for i[illegible]gence agency infrastructure expenditures related to activiti[illegible] such as the provision of information and advice to the Nicara[illegible] democratic resistance . . . ."[12] [Emphasis added]

Several things should be noted about the above language. Firs[illegible] Section 101 allows the provision of "information and advice" without further defining these concepts. It could mean basic military training.[13] Second, the phrase "information and advice" is conditioned by the words "such as" so that the permissible activities are not limited exclusively to providi[illegible] "information and advice", however these terms are defined. I[illegible] construing the statutory language, one must give effect, if

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[8] Id. at 10[illegible]

[9] N. SINGER, 2A SUTHERLAND STATUTORY CONSTRUCTION § 48.01 (198[illegible]

[10] Id. at §48.08.

[11] Since the conference report represents the final statement of terms agreed to by both Houses of Congress, next to the statute itself, it is the most persuasive evidence of congressional inte[illegible] Lamby v. Schweiker, 671 F.2d 507 (DC Cir. 1982)

[12] INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1986, H. R. 99-373, 99th Cong., 1st Sess. 14 (1985)

[13] It is a well settled principle of statutory construction that in the absence of explicit indications to the contrary, statutor terms are presumed to connote their common and accepted meaning The common meaning of the term "advice" is to render a "recommen regarding a decision or a course of conduct" and it "implies knowledge or experience, often professional or technical, on the part of one who advises." WEBSTER'S NINTH NEW COLLEGE DICTIONAR 59 (1983) Arguably, the provision of basic military training constitutes precisely the rendering of advice by someone who ha the professional or technical knowledge of the subject matter a hence, is authorized by the above section.

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[illegible]
of funding for the Intelligence [illegible]
also be interpreted to mean approval for the funding [illegible]
(See also the classified annex to this memorandum.)

2. Section 502(b) of the National Security Act of 1947, as Cont in Section 401 of the Fiscal Year 1986 Intelligence Authoriz Act Does Not Address the Issue Concerning What Activities Ar Permissible Under the Act.

This section states that "Funds available to an intelligence agency may not be made available for any intelligence or intelligence-related activity for which funds were denied by the Congress."[15] In explaining this section, the Conference Rep notes "The conferees have agreed to deny all funding request by the administration for the paramilitary covert action pro for Nicaragua."[16] However, following the statement cited above is the explanation that Section 502 does not apply to funds available pursuant to Section 101 of the Conference Re and the Classified Schedule of funds available pursuant to Section 106 of P. L. 99-88 (described below). The Conference Report then states that the specific congressional intent embodied in Section 502(b) is to make approval either of a reprogramming or of a transfer of funds the only way in which funds, materiel, or other assistance beyond what is authoriz in Section 101 and the classified Schedule referred to in Sec 102, and what is available under Section 106 of the Supplemen Appropriations Act, 1985, could be provided to the Nicaraguan democratic resistance. Overall, Section 502(b) merely prec the use of the CIA's Reserve for Contingencies for involveme with the FDN and does not enhance our understanding of what permissible under Section 105 of the Intelligence Authorizati Act for FY 86.

3. Section 106 of the Supplemental Appropriations Act, 1985, P.L 99-88, Does Not Address the Issue of What Constitutes Permiss Activities.

This section merely provides the procedure for expedited Cong consideration of a Presidential request for assistance for th Nicaraguan democratic resistance and does not address the iss of permissible activities by the CIA or other government ent

Therefore, of the three acts through which funds can be au to be obligated or expended for assistance to the Nicaraguan de resistance, only Section 101 of the Intelligence Authorization

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[14] Fidelity Federal Savings & Loan Assn. v. de la Cuesta, 458 U 141, 163 (1982).

[15] Supra, note 4 at 1005.

[16] Supra, note 12 at 15.

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> The conferees note that under current law and the restriction contained in Section 105 of this Conference Report, the intelligence agencies may provide advice, including intelligence and counterintelligence advice, and information, including intelligence and counterintelligence information, to the Nicaraguan democratic resistance. Section 105 does not permit intelligence agencies to engage in activities, including training other than the communications training provided for pursuant to Section 105, that amount to participation in the planning or execution of military or paramilitary operations in Nicaragua by the Nicaraguan democratic resistance, or to participation in logistics activities integral to such operations.[18] [Emphasis added]

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[17] The conference report is the most authoritative interpretatio of legislative language. Supra, note 11. It supersedes the explanation on the specific matter in question provided in the Committee reports of either House. While the Senate version did contain any statement regarding to the provision of information and advice to the contras, the House Report states that ". . . the prohibition that applies to supporting Nicaraguan insurgents or 'contras' applies only to the provision of funds, goods, equi civilian or military supplies, or any other material, but does n include the provision of intelligence information or advice to th contras." [Emphasis added] H.R. Rep. 99-106, Part 1, 99th Cong. 1st. Sess. 6 (1985). Arguably the explanation provided in the H Report can be construed to prohibit the provision of any training to the FDN. However, the other language in the House Report as well as the explanation of the House Report provided in the Conf Report undercuts the proposition the provision of that training was prohibited. The House Report refers to the prohibition of "any such funds with the effect of providing arms, ammunition or any other weapons of war." [emphasis added] Supra, note 16. Significantly, no mention is made of military training. Thus, a the House Report, standing alone, does not clearly rule out the provision of the training to the FDN. In any case, even assuming arguendo, that it does prohibit the provision of military trainin the House Report was superseded by the Conference Committee Repor

[18] Supra, note 12 at 16. It should be noted that, although Comm reports carry greater weight, Congressional debate can be referr to in order to interpret ambiguous or unclear language. SUTHERL STATUTORY CONSTRUCTION, supra note 9 at § 45.06. However, discu in the Congress of this language does not further define what is meant by advice or training. See, e.g. 131 CONG. REC. H10294 (daily ed. November 19, 1985) (remarks of Cong. Hamilton); Id. at H10297 (remarks by Cong. Bonior); and 131 CONG. REC. S16074 (dai ed. November 21, 1985) (remarks of Senator Durenberger).

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is included, neither [illegible]
[illegible] advice is not defined as "[illegible]
advice" to the exclusion of all other forms of advice. [illegible]
Conference Report simply lists, as examples, the two types of
that are permissible and, as written, is not exhaustive.[19]

The more critical language is contained in the second sente
Training is prohibited other than communications training which
has a special exemption. But the training that is prohibited i
defined as training that amounts to "participation in the planni
or execution of military or paramilitary operations in Nicaragu
or "to participation in logistics activities integral to such
operations."

There are two possible interpretations of the above langu
One would suggest that all military training is prohibited. It
arguable that all military training would amount to participati
in the planning or execution of military or paramilitary operat
in Nicaragua. However, it is a well accepted principle of stat
interpretation that all the particulars of the statutory langu
must be given their due weight and that the choice of a narrow
defined prohibition by the legislators implies their rejection
a broader prohibition. Therefore, since Congress, instead of
drafting a clear-cut prohibition against all military training
whatsoever, opted to prohibit only that training that amounts
participation in the planning or execution of military or para
military operations in Nicaragua, it follows that other forms
training are permissible.

Thus, the better view is that only the furnishing of advi
or training with specific operational implications is prohibit
but not the provision of generic military training, *i.e.* indi
unit and technical training. Generic military training can be
further defined as that sort of basic training that includes i
in individual soldiering skills such as marksmanship, [illegible]
movement techniques, first aid techniques, transportation of
persons, communications techniques, supply, military discipli
crew served weapons training (including training in air defen
weapons), personal hygiene, night training, intelligence repo
patrolling techniques and construction of individual fortific
etc. (See also the classified annex.)

The provision of training covered by these generic cate
would not violate the prohibition against training that amou
participation in the *planning* or *execution* of military or pa
operations in Nicaragua." [Emphasis added] Rather, the pro
forms of activities are clearly distinguishable from those

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[19] This is in keeping with the Conference Committee's under
of Section 101 of the Intelligence Authorization Act which
"expenditures related to activities *such as* the provision o
information and advice. . ." *Supra*, note 12 and accompanyi

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[illegible] to the particular [illegible] climate, communications and transportation systems, [illegible] order of battle, and other conditions or circumstances in Nicaragua. In other words, the prohibited training is operatio oriented and specific in nature and can be clearly distinguishe from generic military training which is not aimed at any partic circumstances or location. In contrast, basic military training that includes the list of individual soldiering skills listed above and the unit and technical training envisioned is not peculiar to any country or region and the involvement of the CIA, the Department of Defense or of any other intelligence agency in such training would not violate the prohibition agains involvement in the planning or execution of paramilitary operati in Nicaragua.

II. Senate Legislation Authorizing Humanitarian Aid to the FDN Might be Construed to Prohibit the Use of the Humanitarian Aid Funds for Military Training.

Two relevant sections of the Nunn-Lugar Amendment to the Supple Appropriations Act, 1985 state:

> (g) As used in this section, the term "humanitarian assista means the provision of food, clothing, medicine, other humanitarian assistance, and transportation associated with the delivery of such assistance. Such term does not inclu weapons, weapons systems, ammunition, or any other equipme or materiel which is designed, or has as its purpose, to inflict serious bodily harm or death.
>
> (h) Nothing in this section precludes sharing or collecting necessary intelligence information by the United States.[20]

While training is not explicitly prohibited by the above statutory text, it appears from statements made by one of the Senate co-sponsors that it was meant to be excluded. For exampl Senator Sam Nunn stated at one point that "it is clear that humanitarian assistance would not include training the Contras for military activity."[21]

The above statement, even if construed as a genuine congressional prohibition on the provision of military training, applies solely to the the humanitarian aid package, which was to

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[20] 131 CONG. REC S7628 (daily ed. June 6, 1985)

[21] 131 CONG. REC S7638-39 (daily ed. June 6, 1985) (colloquy between Sen. Nunn and Sen. Harkin). Such statements by a sponsc of the statute are considered to be an authoritative guide to statutory interpretation. North Haven Board of Education v. Be 456 U.S. 512, 527 (1982)

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were defeated. [illegible]
defined the language "no materiel assistance" to include the
training, advice, and activities in support of military operatio
In the House of Representatives, an attempt to amend the Michel
amendment by Congressman Boland on similar grounds was defeated as
well.[24] But, even if these amendments had been passed, they would
have had an impact only on the humanitarian aid legislation.

III. The Legality of Military Training is not Affected by the Rec
Defeat in the House of Representatives of the Request for Authori
Authority and Assistance for the Nicaraguan Democratic Resistanc

On February 27, 1986 a Joint Resolution was introduced in the U.S.
Congress requesting approval for additional assistance to the
Nicaraguan democratic resistance.[25] Although the President's
message did not make reference to military training, it was an
open-ended request for authority to obligate and expend at least
$70 million for military assistance out of the $100 million reque
Subsequently, a second message was sent to Congress further detai
how the funds were to be spent. Specific reference was made to
various types of training which was to take place during the
first ninety days following Congressional approval of the request
Without commenting on whether the subsequent Presidential message
represented a modification on the original Joint Resolution, it i
clear that the defeat of the the entire package would not affect
the legality of military training under current laws. The entire
legislation was defeated[27] and not each of its separate parts

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[22] It should be pointed out that no money was being appropriated
through the Nunn-Lugar amendment for intelligence sharing and, in
case; the language of the amendment merely stated that such shari
was not precluded by the legislation. In addition, in a subseque
colloquy, training was proscribed by Senator Nunn but again, this
done in the context of the humanitarian aid funds and the discuss
dealt only with the issue of how the word "materiel" was and defi
was not concerned with intelligence or advice. 131 CONG. REC.
S7641-42 (daily ed. June 6, 1985) (colloquy between Sen. Nunn and
Sen. Levin.

[23] 131 CONG. REC. S7731 (daily ed. June 7, 1985).

[24] 131 CONG. REC. H4143-53 (daily ed. June 12, 1985).

[25] 132 CONG. REC. S1736 (daily ed. February 27, 1986); and 132 CONG. REC. H741 (daily ed. February 27, 1986).

[26] President's Message to the Congress of the United States (Marc
1986) at 2.

[27] 132 CONG. REC. H1493 (daily ed. March 20, 1986).

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~~CONCLUSION~~: The provision of generic military training is precluded by current law so long as it is conducted outsi Nicaragua without being directly linked to the planning and exe of military or paramilitary operations in Nicaragua.

This memorandum does not address the issue of whether activity is required to be reported under the provisions of Hughes-Ryan Act. However, legal obligations aside, the histor the Central America program has demonstrated that it woul politically prudent to inform the appropriate congressional co of this anticipated intelligence activity.

If training is to be provided there are several ways could be accomplished. For example, the detailing of Spe Operations Forces personnel to the Agency has been done in the for the purpose of training foreign personnel. Alternatively Agency might provide its own trainers. In either case, i legal under current law to provide this kind of basic trai It should be acknowledged that legislation currently being consi by Congress might change the law in this area. However, s the current law not be affected by pending legislation, the ana in this memorandum would stand and the provision of basic mil training would remain a legally permissible activity.

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[28] For example, air defense equipment was to be provided during first ninety days after passage of the legislation and it is curre prohibited. However, the funds made available through the could also be used to promote activities that are currently l as well, such as measures to support "democratic political diplomatic activities" and military training. Therefore, the fact that the House of Representatives did not approve this mea does not mean that these latter activities are no longer le rather that the subsequent funding measure is defeated in t

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1. Infrastructure Expenditures: The [illegible] Intelligence Authorization Act for Fiscal [illegible] that amounts authorized in Section 101 for CIA [illegible] may be expended for the provision of advice and information [illegible] for the FDN. In light of the definite of "advice" contai[illegible] in the attached memorandum, funds for the CIA infrastructure could be used to provide generic military training to the FDN. Whether there are sufficient funds [illegible] for [illegible] infrastructure in the current budget to accomplish a [illegible] training program, or only enough to complete certain basic technical training programs is uncertain. [illegible] the latter may be all that [illegible] the President's proposal [illegible] accomplished. (TS)

2. Technical Training: In special cases selected [illegible] personnel may be trained in facilities in the U.S. [illegible] in a combat role [illegible] in view of the use of helicopters in Honduras and the [illegible] recent Sandinista incursion against the base camps, [illegible] of their use in the future against the [illegible] to provide the FDN with [illegible] heightened sense of urgency. There are special training [illegible] in anti-aircraft weaponry. [illegible] could [illegible] facilities in the U.S. where such training [illegible] quickly and covertly. (Such training should not tax [illegible] funding for infrastructure.) (S)

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Sec. 101

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(h) Such amounts as may be necessary for programs, projects or activities provided for in the Department of Defense Appropriation Act, 1985, at a rate of operations and to the extent and in the manner provided as follows, to be effective as if it had been enacted into law as the regular appropriation Act:

AN ACT

Department of Defense Appropriations Act, 1985.

Making appropriations for the Department of Defense for the fiscal year ending September 30, 1985, and for other purposes.

TITLE I

MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Army on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), and to the Department of Defense Military Retirement Fund; $21,020,344,000.

MILITARY PERSONNEL, NAVY

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Navy on active duty (except members of the Reserve provided for elsewhere), midshipmen, and aviation cadets; and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), and to the Department of Defense Military Retirement Fund; $15,660,246,000.

MILITARY PERSONNEL, MARINE CORPS

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Marine Corps on active duty (except members of the Reserve provided for elsewhere); and for payments pursuant to section 156 of Public Law 97-377, as amended (42 U.S.C. 402 note), and to the Department of Defense Military Retirement Fund; $4,803,366,000.

MILITARY PERSONNEL, AIR FORCE

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Air Force on active duty (except members of Reserve components provided for elsewhere), cadets, and aviation cadets; and

TITLE VII

RELATED AGENCIES

INTELLIGENCE COMMUNITY STAFF

For necessary expenses of the Intelligence Community Staff; $20,797,000.

CENTRAL INTELLIGENCE AGENCY RETIREMENT AND DISABILITY SYSTEM FUND

For payment to the Central Intelligence Agency Retirement and Disability System Fund, to maintain proper funding level for continuing the operation of the Central Intelligence Agency Retirement and Disability System; $99,300,000.

TITLE VIII

GENERAL PROVISIONS

Contracts.
Public availability.

SEC. 8001. The expenditure of any appropriation under this Act for any consulting service through procurement contract, pursuant to section 3109 of title 5, United States Code, shall be limited to those contracts where such expenditures are a matter of public record and available for public inspection, except where otherwise provided under existing law, or under existing Executive order issued pursuant to existing law.

Lobbying.

SEC. 8002. No part of any appropriation contained in this Act shall be used for publicity or propaganda purposes not authorized by the Congress.

SEC. 8003. During the current fiscal year, the Secretary of Defense and the Secretaries of the Army, Navy, and Air Force, respectively, if they should deem it advantageous to the national defense, and if in their opinions the existing facilities of the Department of Defense are inadequate, are authorized to procure services in accordance with section 3109 of title 5, United States Code, under regulations prescribed by the Secretary of Defense, and to pay in connection therewith travel expenses of individuals, including actual transportation and per diem in lieu of subsistence while traveling from their homes or places of business to official duty stations and return as may be authorized by law: *Provided*, That such contracts may be renewed annually.

10 USC 1584 note.

SEC. 8004. During the current fiscal year, provisions of law prohibiting the payment of compensation to, or employment of, any person not a citizen of the United States shall not apply to personnel of the Department of Defense.

SEC. 8005. Appropriations for the Department of Defense for the current fiscal year shall be available for: (a) transportation to primary and secondary schools of minor dependents of military and civilian personnel of the Department of Defense as authorized for the Navy by section 7204 of title 10, United States Code; (b) expenses in connection with administration of occupied areas; (c) payment of rewards as authorized for the Navy by section 7209(a) of title 10, United States Code, for information leading to the discovery of missing naval property or the recovery thereof; (d) payment of deficiency judgments and interests thereon arising out of condemna-

Army Reserve, Army National Guard or Air National Guard occupied by, or programed to be occupied by, persons in an active Guard or Reserve status: *Provided further,* That none of the funds appropriated by this Act may be used to include (civilian) military technicians in computing civilian personnel ceilings, including statutory or administratively imposed ceilings, on activities in support of the Army Reserve, Air Force Reserve, Army National Guard or Air National Guard.

SEC. 8064. (a) The provisions of section 138(c)(2) of title 10, United States Code, shall not apply with respect to fiscal year 1985 or with respect to the appropriation of funds for that year.

(b) During fiscal year 1985, the civilian personnel of the Department of Defense may not be managed on the basis of any end-strength, and the management of such personnel during that fiscal year shall not be subject to any constraint or limitation (known as an end-strength) on the number of such personnel who may be employed on the last day of such fiscal year.

(c) The fiscal year 1986 budget request for the Department of Defense as well as all justification material and other documentation supporting the fiscal year 1986 Department of Defense budget request shall be prepared and submitted to the Congress as if sections (a) and (b) of this provision were effective with regard to fiscal year 1986.

(TRANSFER OF FUNDS)

SEC. 8065. Appropriations or funds available to the Department of Defense during the current fiscal year may be transferred to appropriations provided in this Act for research, development, test, and evaluation to the extent necessary to meet increased pay costs authorized by or pursuant to law, to be merged with and to be available for the same purposes, and the same time period, as the appropriation to which transferred.

Nicaragua.

SEC. 8066. (a) During fiscal year 1985, no funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual.

(b) The prohibition concerning Nicaragua contained in subsection (a) shall cease to apply if, after February 28, 1985—

Report.

(1) the President submits to Congress a report—

(A) stating that the Government of Nicaragua is providing materiel or monetary support to anti-government forces engaged in military or paramilitary operations in El Salvador or other Central American countries;

(B) analyzing the military significance of such support;

(C) stating that the President has determined that assistance for military or paramilitary operations prohibited by subsection (a) is necessary;

(D) justifying the amount and type of such assistance and describing its objectives; and

(E) explaining the goals of United States policy for the Central American region and how the proposed assistance would further such goals, including the achievement of peace and security in Central America through a compre-

hensive, verifiable and enforceable agreement based upon the Contadora Document of Objectives; and

(2) a joint resolution approving assistance for military or paramilitary operations in Nicaragua is enacted.

(c)(1) For the purpose of subsection (b)(2), "joint resolution" means only a joint resolution introduced after the date on which the report of the President under subsection (b)(1) is received by Congress, the matter after the resolving clause of which is as follows: "That the Congress approves the obligation and expenditure of funds available for fiscal year 1985 for supporting, directly or indirectly, military or paramilitary operations in Nicaragua.".

(2) The report described in subsection (b)(1) shall be referred to the appropriate committee or committees of the House of Representatives and to the appropriate committee or committees of the Senate.

(3) A resolution described in paragraph (1) introduced in the House of Representatives shall be referred to the Committee on Appropriations of the House of Representatives. A resolution described in paragraph (1) introduced in the Senate shall be referred to the Committee on Appropriations of the Senate. Such a resolution may not be reported before the eighth day after its introduction.

(4) If the committee to which is referred a resolution described in paragraph (1) has not reported such resolution (or an identical resolution) at the end of fifteen calendar days after its introduction, such committee shall be discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar of the House involved.

(5)(A) When the committee to which a resolution is referred has reported, or has been deemed to be discharged (under paragraph (4)) from further consideration of, a resolution described in paragraph (1), notwithstanding any rule or precedent of the Senate, including Rule 22, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the resolution, and all points of order against the resolution (and against consideration of the resolution) are waived. The motion is highly privileged in the House of Representatives and is privileged in the Senate and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the resolution shall remain the unfinished business of the respective House until disposed of.

(B) Debate on the resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to is not in order.

(C) Immediately following the conclusion of the debate on a resolution described in paragraph (1), and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final passage of the resolution shall occur.

(D) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution described in paragraph (1) shall be decided without debate.

(6) If, before the passage by the Senate of a resolution of the Senate described in paragraph (1), the Senate receives from the House of Representatives a resolution described in paragraph (1), then the following procedures shall apply:

(A) The resolution of the House of Representatives shall not be referred to a committee.

(B) With respect to a resolution described in paragraph (1) of the Senate—

(i) the procedure in the Senate shall be the same as if no resolution had been received from the House; but

(ii) the vote on final passage shall be on the resolution of the House.

(C) Upon disposition of the resolution received from the House, it shall no longer be in order to consider the resolution originated in the Senate.

(7) If the Senate receives from the House of Representatives a resolution described in paragraph (1) after the Senate has disposed of a Senate originated resolution, the action of the Senate with regard to the disposition of the Senate originated resolution shall be deemed to be the action of the Senate with regard to the House originated resolution.

(8) This subsection is enacted by Congress—

(A) as an exercise of the rulemaking power of the Senate and House of Representatives, respectively, and as such it is deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in that House in the case of a resolution described in paragraph (1), and it supersedes other rules only to the extent that it is inconsistent with such rules; and

(B) with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner and to the same extent as in the case of any other rule of that House.

(d) During fiscal year 1985 funds approved by the resolution described in subsection (b)(2) for the purpose of supporting, directly or indirectly, military or paramilitary operations in Nicaragua, shall not exceed $14,000,000. Nicaragua.

SEC. 8067. So far as may be practicable, Indian labor shall be employed, and purchases of the products of Indian industry may be made in open market in the discretion of the Secretary of Defense: *Provided*, That the products must meet pre-set contract specifications. Indians.

SEC. 8068. None of the funds made available by this Act shall be used in any way for the leasing to non-Federal agencies in the United States aircraft or vehicles owned or operated by the Department of Defense when suitable aircraft or vehicles are commercially available in the private sector: *Provided*, That nothing in this section shall affect authorized and established procedures for the sale of surplus aircraft or vehicles: *Provided further*, That nothing in this section shall prohibit such leasing when specifically authorized in a subsequent Act of Congress.

SEC. 8069. None of the funds made available by this Act shall be used in any way, directly or indirectly, to influence congressional Lobbying.

action on any legislation or appropriation matters pending before the Congress.

Contracts.

SEC. 8070. No funds available to the Department of Defense during the current fiscal year may be used to enter into any contract with a term of eighteen months or more, inclusive of any option for contract extension or renewal, for any vessels, aircraft or vehicles, through a lease, charter, or similar agreement without prior congressional approval of appropriations. Further, any contractual agreement which imposes an estimated termination liability (excluding the estimated value of the leased item at the time of termination) on the Government exceeding 50 per centum of the original purchase value of the vessel, aircraft, or vehicle must have specific authority in an appropriation Act for the obligation of 10 per centum of such termination liability.

Contracts.

15 USC 632.

41 USC 35 note.

SEC. 8071. None of the funds appropriated by this Act may be obligated or expended on a Department of Defense contract for commercial or commercial-type products if the solicitation excludes any small business concern (as defined pursuant to section 3 of the Small Business Act) that cannot demonstrate that its product is accepted in the commercial market (except to the extent that may be required to evidence compliance with the Walsh-Healey Public Contracts Act).

Ft. DeRussy, Hawaii.

SEC. 8072. None of the funds appropriated in this Act may be obligated or expended in any way for the purpose of the sale, lease, rental, or excessing of any portion of land currently identified as Fort DeRussy, Honolulu, Hawaii.

SEC. 8073. None of the funds made available by this Act shall be available to operate in excess of 247 commissaries in the contiguous United States.

SEC. 8074. None of the funds provided in this Act shall be used to procure aircraft ejection seats manufactured in any foreign nation that does not permit United States manufacturers to compete for ejection seat procurement requirements in that foreign nation. This limitation shall apply only to ejection seats procured for installation on aircraft produced or assembled in the United States.

SEC. 8075. No more than $197,800,000 of the funds appropriated by this Act shall be available for the payment of unemployment compensation benefits.

SEC. 8076. None of the funds appropriated by this Act should be obligated for the pay of any individual who is initially employed after the date of enactment of this Act as a technician in the administration and training of the Army Reserve and the maintenance and repair of supplies issued to the Army Reserve unless such individual is also a military member of the Army Reserve troop program unit that he or she is employed to support. Those technicians employed by the Army Reserve in areas other than Army Reserve troop program units need only be members of the Selected Reserve.

SEC. 8077. None of the funds appropriated by this Act may be obligated or expended to adjust a base period under section 1079(h)(2) of title 10, United States Code, more frequently than the Secretary of Defense considers appropriate.

10 USC 2304 note.

SEC. 8078. None of the funds hereafter available to the Department of Defense shall be used to adjust any contract price for amounts set forth in any shipbuilding claim, request for equitable adjustment, or demand for payment incurred due to the preparation, submission, or adjudication of any such shipbuilding claim, request, or demand under a contract entered into after the date of enactment of this Act arising out of events occurring more than eighteen months prior to the submission of such shipbuilding claim, request, or demand. For the purposes of this section, requirement for submission of a shipbuilding claim, request, or demand is met only when the certification required in section 6(c)(1) of the Contract Disputes Act of 1978 and supporting data are provided. 41 USC 605.

SEC. 8079. None of the funds appropriated by this Act shall be used for the transfer of the Department of Defense Dependents Schools (DODDS) to the Department of Education, as prohibited by section 1223 of the Department of Defense Authorization Act, 1984. 97 Stat. 692. 20 USC 3442.

SEC. 8080. No part of the funds appropriated herein shall be available for the purchase of more than 50 per centum of the fiscal year requirements for aircraft power supply cable assemblies of each military facility from industries established pursuant to title 18, United States Code: *Provided*, That the restriction contained herein shall not apply to small purchases in amounts not exceeding $10,000.

SEC. 8081. None of the funds appropriated by this Act shall be used to purchase dogs or cats or otherwise fund the use of dogs or cats for the purpose of training Department of Defense students or other personnel in surgical or other medical treatment of wounds produced by any type of weapon: *Provided*, That the standards of such training with respect to the treatment of animals shall adhere to the Federal Animal Welfare Law and to those prevailing in the civilian medical community. Animals. 7 USC 2131 note.

SEC. 8082. None of the funds appropriated by this Act shall be obligated under the competitive rate program of the Department of Defense for the transportation of household goods to or from Alaska and Hawaii.

SEC. 8083. None of the funds made available by this Act shall be used to initiate full-scale engineering development of any major defense acquisition program until the Secretary of Defense has provided to the Committees on Appropriations of the House and Senate—

(a) a certification that the system or subsystem being developed will be procured in quantities that are not sufficient to warrant development of two or more production sources, or

(b) a plan for the development of two or more sources for the production of the system or subsystem being developed.

SEC. 8084. None of the funds appropriated by this Act shall be available to pay any member of the uniformed service for unused accrued leave pursuant to section 501 of title 37, United States Code, for more than sixty days of such leave, less the number of days for which payment was previously made under section 501 after February 9, 1976.

SEC. 8085. Within the funds made available under title II of this Act, the military departments may use such funds as necessary, but not to exceed $4,700,000, to carry out the provisions of section 430 of title 37, United States Code: *Provided*, That none of the funds appropriated to the Department of Defense for the travel and transportation of dependent students of military personnel stationed overseas shall be obligated for a transportation allowance for travel within or between the contiguous United States.

SEC. 8086. Within funds available under title II of this Act, but not to exceed $100,000, and under such regulations as the Secretary of Defense may prescribe, the Department of Defense may, in addition to allowances currently available, make payments for travel and transportation expenses of the surviving spouse, children, parents, and brothers and sisters of any member of the Armed Forces of the United States, who dies as the result of an injury or disease incurred in line of duty to attend the funeral of such member in any case in which the funeral of such member is more than two hundred miles from the residence of the surviving spouse, children, parents or brothers and sisters, if such spouse, children, parents or brothers and sisters, as the case may be, are financially unable to pay their own travel and transportation expenses to attend the funeral of such member.

Nuclear weapons.

SEC. 8087. Notwithstanding any other provision of this Act, no funds appropriated by this Act shall be expended for the research, development, test, evaluation or procurement for integration of a nuclear warhead into the Joint Tactical Missile System (JTACMS).

SEC. 8088. None of the funds available to the Department of Defense may be used for the floating storage of petroleum or petroleum products except in vessels of or belonging to the United States.

Civil Air Patrol.

SEC. 8089. Of the funds made available to the Department of the Air Force in this Act, not less than $3,000,000 shall be available for the Civil Air Patrol.

China Lake Naval Weapons Center.

SEC. 8090. Funds appropriated by this Act may be used by the Department of the Navy for the use of helicopters and motorized equipment at China Lake Naval Weapons Center for removal of feral burros and horses.

SEC. 8091. On or after June 30, 1985, none of the funds appropriated by this Act shall be available to execute an agreement for continuation pay authorized under section 311 of title 37, United States Code, with an officer of the Army or Navy in the Dental Corps or an officer of the Air Force designated as a dental officer who is serving in a dental specialty which is manned in excess of 95 per centum of the authorized strength for that specialty: *Provided*, That an agreement for such continuation pay may be executed with such an officer if the agreement provides that such officer will receive only 50 per centum of the amount of the continuation pay to which the officer would otherwise be entitled under section 311 of title 37: *Provided further*, That the foregoing limitation shall cease to be applicable upon the enactment of legislation repealing or amending the continuation pay provisions currently authorized by section 311 of title 37.

(TRANSFER OF FUNDS)

SEC. 8092. Not to exceed $100,000,000 may be transferred from the appropriation "Operation and Maintenance, Defense Agencies" to operation and maintenance appropriations under the military departments in connection with demonstration projects authorized by section 1092 of title 10, United States Code: *Provided*, That the Secretary of Defense shall promptly notify the Congress of any such transfer of funds under this provision: *Provided further*, That the authority to make transfers pursuant to this section is in addition to the authority to make transfers under other provisions of this Act.

Brooklyn Naval Shipyard.

SEC. 8093. The eleven sets of excess Navy quarters and related facilities on a six-acre site at the former Brooklyn Naval Shipyard shall be transferred at no cost to the Secretary of the Army for use by the Army National Guard.

addition to those previously distributed during that fiscal year giving priority to those States having large unobligated balances of funds apportioned under section 104 of title 23, United States Code, and giving priority to those States which, because of statutory changes made by the Surface Transportation Assistance Act of 1982 and the Federal-Aid Highway Act of 1981, have experienced substantial proportional reductions in their apportionments and allocations.

23 USC 101 note.
23 USC 101 note.

(3) not distribute amounts authorized for administrative expenses and the Federal Lands Highway Programs.

Sec. 101

This Act may be cited as the "Department of Transportation and Related Agencies Appropriation Act, 1985".

Department of Transportation and Related Agencies Appropriation Act, 1985.

(j) Such sums as may be necessary for programs, projects, or activities provided for in the Treasury, Postal Service and General Government Appropriations Act, 1985 (H.R. 5798) to the extent and in the manner provided for in the conference report and joint explanatory statement of the committee of conference as passed by the House of Representatives on September 12, 1984, as if enacted into law (with the exception of the provisions involved in amendments numbered 24 and 26 which shall be effective as if enacted into law): *Provided*, That, notwithstanding section 102 of this joint resolution, the Department of the Treasury shall consolidate the operations of the Bureau of Government Financial Operations in accordance with the language concerning amendment numbered 9 in the joint explanatory statement of the committee of conference (H. Rept. 98-993).

It is the sense of the Congress that—

42 USC 1 note.

(1) voter registration drives should be encouraged by governmental entities at all levels; and

(2) voter registration drives conducted by State governments on a nonpartisan basis do not violate the provisions of the Intergovernmental Personnel Act (42 U.S.C. 4728, 4763).

(k) Such amounts as may be necessary for continuing the following activities, not otherwise provided for in this joint resolution, which were conducted in the fiscal year 1984, under the terms and conditions provided in applicable appropriation Acts for the fiscal year 1984, at the current rate:

Activities under the Public Health Service Act; and

42 USC 201 note.

Refugee and entrant assistance activities under the provisions of title IV of the Immigration and Nationality Act, title IV and part B of title III of the Refugee Act of 1980, and sections 501 (a) and (b) of the Refugee Education Assistance Act of 1980, except that such activities shall be continued at a rate for operations not in excess of the lower of the current rate or the rate authorized by H.R. 3729 as passed the House of Representatives: *Provided*, That such funds may be expended for individuals who would meet the definition of "Cuban and Haitian entrant" under section 501(e) of the Refugee Education Assistance Act of 1980, but for the application of paragraph (2)(B) thereof;

8 USC 1521.
8 USC 1522 note, 1521.
8 USC 1522 note.
8 USC 1522 note.

Foster care and adoption assistance activities under title IV-E of the Social Security Act under the terms and conditions established by sections 474(b) and 474(c) of that Act, and sections 102(a)(1) and 102(c) of Public Law 96-272, as those sections were in effect for fiscal year 1984;

42 USC 670.
42 USC 674.
42 USC 672 and note.

Emergency immigrant education activities authorized by section 101(g) of Public Law 98-151; and

97 Stat. 964.

ber 1983, and which resulted from the climatic conditions occurring in the Equatorial Pacific during 1982 and 1983;

"(B) the term 'fishing industry' means any trade or business involved in (i) the catching, taking, or harvesting of fish (whether or not sold on a commercial basis), (ii) any operation at sea or on land, in preparation for, or substantially dependent upon, the catching, taking, or harvesting of fish, and (iii) the processing or canning of fish (including storage, refrigeration and transportation of fish before processing or canning); and

"(C) the term 'fish' means finfish, mollusks, crustaceans, and all other forms of marine animal and plant life other than marine mammals and birds; and

15 USC 636.

"(2) for purposes of paragraphs (2) through (4) of subsection 7(b) of this Act, eligibility of individual applicants shall not in any way be dependent upon the number of disaster victims in any county or other political subdivision."; and

Ante, p. 161.

(b) Section 3(j) of such Act is amended by striking all of such subsection after the word "association" in the second sentence thereof and by inserting in lieu thereof "as a business concern and shall not include the income or employees of any member shareholder of such cooperative.".

SEC. 112. The limitation otherwise applicable to the maximum payments that may be required in any fiscal year by all contracts entered into under section 236 of the National Housing Act, as amended (12 U.S.C. 1715z-1), reduced in fiscal year 1985 by not more than $7,631,000 in uncommitted balances of authorizations provided for this purpose in appropriation Acts pursuant to the paragraph under the heading "Rental housing assistance" in the Department of Housing and Urban Development-Independent Agencies Appropriation Act, 1985 (Public Law 98-371, 98 Stat. 1213, 1215), shall not be reduced by more than $4,331,000 in fiscal year 1985: *Provided*, That $3,300,000 in such uncommitted balances shall be made available in fiscal year 1985 and remain available thereafter until used as needed to replace amounts pooled for interest reduction payments for State-aided, noninsured rental housing projects under such section 236, but used during fiscal year 1982 for amendments to contracts for rental assistance payments.

SEC. 113. The head of any department or agency of the Federal Government in carrying out any loan guarantee or insurance program for the fiscal year 1985 shall enter into commitments to guarantee or insure loans pursuant to such program in the full amount provided by law subject ony to (1) the availability of qualified applicants for such guarantee or insurance, and (2) limitations on such amount contained in appropriation Acts.

42 USC 1437b.

97 Stat. 1176.
42 USC 1437c.

SEC. 113A. Notwithstanding any other provision of this joint resolution, there is appropriated to the Treasury $300,000,000, to be made available to cover the additional interest expenses incurred on borrowings by the Secretary of Housing and Urban Development from the Treasury that are necessary to extend direct loans to local public housing agencies as authorized under section 4(a) of the United States Housing Act of 1937, for the purposes of financing public housing projects as authorized under section 5(c) of the United States Housing Act of 1937: *Provided*, That the foregoing appropriation shall be available only in connection with additional interest expenses incurred on Treasury borrowings having maturities not in excess of seven months from the date that such borrowings occur: *Provided further*, That no such Treasury borrowings in connection with the foregoing appropriation shall take place after April 3, 1985: *Provided further*, That the foregoing $300,000,000 shall be available until expended on interest incurred pursuant to the Treasury borrowings: *Provided further*, That direct loan proceeds shall be made available for new loan commitments and contract executions for public housing development, modernization and Indian housing, and for financing of existing contracts: *Provided further*, That notwithstanding section 4 of the United States Housing Act of 1937, or any other provision of law, loans made pursuant to section 4(a) of the United States Housing Act of 1937 by the Secretary of Housing and Urban Development (and Treasury borrowing under section 4(b) of such Act), which are necessary due to the failure to publicly sell tax-exempt public housing agency obligations, shall be at interest rates comparable to the interest rates on such obligations issued by public housing agencies.

42 USC 1437b.

SEC. 114. None of the funds appropriated or made available by this joint resolution or any other Act may be used by the United States Customs Service to propose or promulgate any rule or regulation relating to the subject matter of the Advanced Notice of Proposed Regulations published in the Federal Register on July 21, 1983 (48 Fed. Reg. 33318): *Provided*, That nothing shall prevent the expenditure of funds to propose any rule or regulation relating to duty-free stores which implements or conforms to statutory standards hereafter enacted by Congress.

SEC. 115. Section 404 of the Small Business Investment Act of 1958 (15 U.S.C. 694-1) is amended as follows:

(1) by striking out "may be issued" in paragraph (1) of subsection (b) and inserting in lieu thereof "shall be issued";

(2) by inserting before the period at the end of paragraph (1) of subsection (b) the following: ", and the Administration is expressly prohibited from denying such guarantee due to the property being so acquired"; and

(3) by striking out "exceed 3½ per centum" in subsection (c) and inserting in lieu thereof "be less than 1 per centum or more than 3½ per centum".

SEC. 116. Of the funds appropriated to the Department of State in Public Law 97-257, Supplemental Appropriations Act, 1982 (96 Stat. 824), $3,500,000 in "Salaries and expenses" and $3,000,000 in "Acquisition, operations and maintenance of buildings abroad" shall remain available until September 30, 1985.

Blair House.

SEC. 117. Notwithstanding any other provision of this joint resolution, the Administrator of the General Services Administration is to provide an additional $3,611,000 from the Federal Buildings Fund for repairs and alterations of the Blair House.

San Luis, Arizona Border Station.

SEC. 118. Notwithstanding any other provision of this joint resolution, $348,000 is appropriated to the State of Arizona to be available for expenses in connection with the San Luis, Arizona Border Station.

Flood control. Stockton Dam and Reservoir, Mo.

SEC. 119. Pursuant to the recommendation of the United States Claims Court in G.E. Amick, et al. against United States, (a)(1) the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to each of the individuals named in subsection (b) the amount set forth opposite the name of each such individual in full settlement of all claims of each such individual against the United States for damages arising in connection with the flooding of certain lands as the result of the unnecessary release of excess amounts of waters from the Stockton Dam and Reservoir during the period from November 1972 through June 1974, at which time such dam and reservoir were in operation under the control of the United States Army Corps of Engineers.

(2) The individuals referred to in subsection (a) and the amounts of money due each such individual are as follows:

R. Dean Dawes of Stockton, Missouri	$2,700
Harlen Chism of Stockton, Missouri	6,596
Ray and Clara Pinkman of Stockton, Missouri	4,211
Perrin Masters of Stockton, Missouri	2,394
Ray M. Pinkman of Stockton, Missouri	3,819
A.W. Spillers of El Dorado Springs, Missouri	3,500
Hester E. Simrell of Stockton, Missouri	2,200
G.E. Amick of El Dorado Springs, Missouri	3,200
T.M. Montgomery of Stockton, Missouri	3,087
T.M. and Berla Montgomery of Stockton, Missouri	190
A.C. and Virginia I. Montgomery of Stockton, Missouri	4,500
Irene Larson of Aurora, Missouri and Virginia Montgomery of Stockton, Missouri	7,796
Ruby Dean Leffler of Stockton, Missouri	4,982
Edward C. and Frances Pyle of Stockton, Missouri	1,545
Gilbert and Pansy Pyle and Ronnie and Kay Pyle of Stockton, Missouri	4,422
Gilbert and Ronnie Pyle of Stockton, Missouri	11,458
Lageta Cowan of Stockton, Missouri	3,200
Swangel Estate of Stockton, Missouri	12,123
W.H. Eslinger of Stockton, Missouri	5,668
J.C. Eslinger of Stockton, Missouri	5,668
Max A. and Betty Lee Smith of Stockton, Missouri	310
Lat and Zella Lee Smith of Stockton, Missouri	384
Riley Carver of El Dorado Springs, Missouri	6,800

Penalties.

(b) No part of each amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, any contract to the contrary notwithstanding. A violation in this section is a misdemeanor punishable by a fine in an amount not to exceed $10,000.

Metropolitan statistical area.
Illinois.
Missouri.

SEC. 119A. (a) For purposes of any provision of Federal law, the Director of the Office of Management and Budget shall rescind the designation of the St. Louis primary metropolitan statistical area, the designation of the Alton-Granite City, Illinois, primary metropolitan statistical area, and the designation of the East St. Louis-Belleville, Illinois, primary metropolitan statistical area, and shall not take any action to designate such three primary metropolitan statistical areas as a consolidated metropolitan statistical area.

(b) The Director of the Office of Management and Budget shall designate a single metropolitan statistical area which includes the following:

(1) The city of St. Louis, Missouri.

(2) The counties of St. Louis, Franklin, Jefferson, and St. Charles in Missouri.

The counties of Monroe, Madison, Jersey, Clinton, and St. Clair in Illinois.

The metropolitan statistical area designation pursuant to this subsection shall be known as the "St. Louis Metropolitan Statistical Area".

97 Stat. 977.

SEC. 120. (a) Section 5723(a)(1)(C) of title 5, United States Code, is amended by striking out ", by and with the advice and consent of the Senate,".

Exhibit BGS-23

PUBLIC LAW 98-473—OCT. 12, 1984

98 STA

***Public Law 98-473**
98th Congress

Joint Resolution

Making continuing appropriations for the fiscal year 1985, and for other purposes.

Oct.
[H.J.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

That the following sums are hereby appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government for the fiscal year 1985, and for other purposes, namely:

* * * * *

SEC. 8066. (a) During fiscal year 1985, no funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual.

Nic

Thomas P. O'Neill
Speaker of the House of Representatives.

Strom Thurmond
~~Vice President of the United States and~~
President of the Senate. pro Tem

APPROVED
OCT 12 1984

Ronald Reagan

EXHIBIT BGS–24

PUBLIC LAW 98-618 [H.R. 5399]; November 8, 1984

INTELLIGENCE AUTHORIZATION ACT FOR FISCAL YEAR 1985

An Act to authorize appropriations for fiscal year 1985 for intelligence and intelligence-related activities of the United States Government, the Intelligence Community Staff, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

Intelligence Authorization Act for fiscal year 1985.
Defense and national security.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Intelligence Authorization Act for fiscal year 1985."

TITLE I—INTELLIGENCE ACTIVITIES

AUTHORIZATION OF APPROPRIATIONS

SEC. 101. Funds are hereby authorized to be appropriated for fiscal year 1985 for the conduct of the intelligence and intelligence-related activities of the following elements of the United States Government:

(1) The Central Intelligence Agency.
(2) The Department of Defense.
(3) The Defense Intelligence Agency.
(4) The National Security Agency.
(5) The Department of the Army, the Department of the Navy, and the Department of the Air Force.
(6) The Department of State.
(7) The Department of the Treasury.
(8) The Department of Energy.
(9) The Federal Bureau of Investigation.
(10) The Drug Enforcement Administration.

EXHIBIT
BGS-24

* * * * *

TITLE VIII—ACTIVITIES IN NICARAGUA

MILITARY OR PARAMILITARY ACTIVITIES

SEC. 801. No funds authorized to be appropriated by this Act or by the Intelligence Authorization Act for fiscal year 1984 (Public Law 98-215) may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual, except to the entent provided and under the terms and conditions specified by House Joint Resolution 648, making continuing appropriations for the fiscal year 1985, and for other purposes, as enacted.

97 Stat. 1473.
Ante, p. 1837.

Approved November 8, 1984.

EXHIBIT BGS-25

EXECUTIVE ORDER NO. 12333 OF UNITED STATES INTELLIGENCE ACTIVITIES

(December 4, 1981, 46 F.R. 59941)

* * * * *

.2 *The National Security Council.*

) Purpose. The National Security Council (NSC) was established by the ational Security Act of 1947 to advise the President with respect to the tegration of domestic, foreign and military policies relating to the national ecurity. The NSC shall act as the highest Executive Branch entity that provides eview of, guidance for and direction to the conduct of all national foreign telligence, counterintelligence, and special activities, and attendant policies and rograms.

* * * * *

.8 *The Central Intelligence Agency.* All duties and responsibilities of the CIA hall be related to the intelligence functions set out below. As authorized by this rder; the National Security Act of 1947, as amended; the CIA Act of 1949, s amended; appropriate directives or other applicable law, the CIA shall:

* * * * *

(e) Conduct special activities approved by the President. No agency except the CIA (or the Armed Forces of the United States in time of war declared by Congress or during any period covered by a report from the President to the Congress under the War Powers Resolution (87 Stat. 855)) may conduct any special activity unless the President determines that another agency is more likely to achieve a particular objective;

* * * * *

Part 3

General Provisions

3.1 *Congressional Oversight.* The duties and responsibilities of the Director of Central Intelligence and the heads of other departments, agencies, and entities engaged in intelligence activities to cooperate with the Congress in the conduct of its responsibilities for oversight of intelligence activities shall be as provided in title 50, United States Code, section 413. The requirements of section 662 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. 2422), and section 501 of the National Security Act of 1947, as amended (50 U.S.C. 413), shall apply to all special activities as defined in this Order.

* * * * *

Ronald Reagan

[redacted]

Exhibit BGS-26

NATIONAL SECURITY COUNCIL

Ollie:

On the chance Steve didn't give you a copy, attached is for your use.

VC
Vince

N 13:45
12/2/86

[redacted]

LEE H. HAMILTON, INDIANA, CHAIRMAN
LOUIS STOKES, OHIO
DAVE McCURDY, OKLAHOMA
ANTHONY C. BEILENSON, CALIFORNIA
ROBERT W. KASTENMEIER, WISCONSIN
DAN DANIEL, VIRGINIA
ROBERT A. ROE, NEW JERSEY
GEORGE E. BROWN, JR., CALIFORNIA
MATTHEW F. McHUGH, NEW YORK
BERNARD J. DWYER, NEW JERSEY

BOB STUMP, ARIZONA
ANDY IRELAND, FLORIDA
HENRY J. HYDE, ILLINOIS
DICK CHENEY, WYOMING
BOB LIVINGSTON, LOUISIANA
BOB McEWEN, OHIO

THOMAS K. LATIMER, STAFF DIRECTOR
MICHAEL J. O'NEIL, CHIEF COUNSEL
STEVEN K. BERRY, ASSOCIATE COUNSEL

Room H-405, U.S. Capitol
(202) 225-4121

U.S. HOUSE OF REPRESENTATIVES
PERMANENT SELECT COMMITTEE
ON INTELLIGENCE
WASHINGTON, DC 20515

August 8, 1985

MEMORANDUM FOR MR. HYDE

FROM: Steven K. Berry, Associate Counsel

SUBJECT: New York Times Article, August 8, 1985, Alleging Contras Receive Advice from the White House

-- The current Boland Prohibition in Sec. 801 of the Intelligence Authorization Act for FY 1985 (P.L. 98-618) prohibits U.S. intelligence entities from obligating or expending, to support the Resistance, funds authorized to be appropriated by the FY 1984 and FY 1985 intelligence authorizations acts. Since no money was authorized for NSC by either of those acts, Sec. 801 is not relevant to the issue.

-- The only statute arguably relevant to the subject of the Times article is Sec. 8066(a) of the 1985 DOD Appropriations Act (P.L. 98-473), which provides that "During fiscal year 1985, no funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual." (Emphasis added)

-- The Section 8066(a) prohibition remains in effect throughout FY 1985, which ends 9/30/85.

-- NSC is clearly a U.S. entity involved in intelligence activities subject to the Section 8066(a) prohibition.

    -- The National Security Act of 1947 specifically establishes the CIA "under the National Security Council" and provides that CIA duties shall be carried out "under the direction of the National Security Council." (Sec. 102(a) and (d))

    -- Executive Order 12333 provides that the "NSC shall act as the highest Executive Branch entity that provides review of, guidance for and direction to the conduct of all national foreign intelligence, counterintelligence, and special activities, and attendant policies and programs." (Sec. 1.2(a))

-- Although the Section 8066(a) prohibition clearly applies to NSC as an entity of the U.S. Government involved in intelligence activities, that prohibition has not been violated.

-- The prohibition forbids obligation or expenditure of funds available to an intelligence entity to support paramilitary operations in Nicaragua, but nothing in the Times article indicates that the NSC staff officer involved obligated or expended any NSC funds.

-- The Times article only states that the NSC staff officer talked with members of the Resistance or with individuals in the U.S. interested in helping out the Resistance, which does not violate the prohibition.

-- No matter how you stretch it, talking to the Resistance or anyone else is not obligation or expenditure of funds.

-- And, if I may raise a final point, doesn't a member of the NSC staff have the same constitutional right of free speech under the First Amendment that every other American has?

-- As long as it is talking to the Resistance--not obligation or expenditure of funds for weapons or anything else--it doesn't violate the law. I note also that the Times article cites (unnamed) Members of Congress of do not believe it violates U.S. laws.

****

-- The President has supported the Nicaraguan Democratic Resistance fighters and has stated so publicly. He has met with Adolfo Colaro, Arturo Cruz and other members of the Unified Nicaraguan Opposition (UNO) leaders in demonstration of his support for their efforts.

-- The President has attended fundraising dinners for the Resistance movement and has received their leaders at the White House. I suppose you could say that is direct assistance to the Resistance.

-- It is not unusual to expect that the White House staff or NSC staff, who are directly responsible to the President, would encourage the Nicaraguan Democratic Resistance in the same manner and in the same ways that the President has encouraged the Resistance.

-- Before Congress's recent reversal on the Boland Amendment, intelligence agencies were forbidden to assist the Resistance forces in any manner. This abrupt termination of the relationship between the Resistance forces and any United States entity forced the Nicaraguan Resistance groups to establish other lines of communication and contact. The NSC or the White House would be a logical point of contact for any group seeking to establish a relationship with the U.S. Government.

-- Did the Boland Amendment prohibit third parties, other countries or groups and organizations throughout the world from requesting the official United States policy regarding Nicaragua? The President's position on assistance to the Nicaraguan Democratic Resistance is clear

  - It is one thing to state that the law forbids any assistance to the Nicaraguan Democratic Resistance.

  - It is another thing to state that the President's position is clear and that he intends to pursue initiatives to renew assistance to the Democratic Resistance.

- The Boland Amendment does not prohibit or the U.S. Government from receiving the views of its friends and allies throughout the world on the significance of the military buildup of the Marxist Sandinista regime in Nicaragua. On the contrary, I would say we have a obligation to inform our allies and friends of the U.S. position on Nicaragua.

HOUSED-PASSED PROVISION ON NICARAGUA IN H.R. 2419, INTELLIGENCE AUTHORIZATION ACT FOR FY 1985

TEXT OF PROVISION

SEC. 105. During fiscal year 1986, no funds available to the Central Intelligence Agency, Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended, directly or indirectly, for material assistance to the Nicaraguan democratic resistance including arms, ammunition, or other equipment or material which could be used to inflict serious bodily harm or death, or which would have the effect of providing arms. ammunition or other weapons of war for military or paramilitary operations in Nicaragua by any group, organization, movement or individual.

HOUSE INTELLIGENCE COMMITTEE REPORT (H. Rept. 99-106, pt. 1)

> As introduced, Section 105 would have prohibited any funds available to any agency involved in intelligence activities being used to support, directly or indirectly, military or paramilitary operations in Nicaragua. The section also had the effect of denying any funds requested for such a purpose in fiscal year 1986. It would extend the current statutory prohibition for support to the Nicaraguan "contras" through the end of FY 1986.
>
> An amendment was adopted by the committee to strike the original language of Section 105 so as to make clear that the prohibition that applies to supporting Nicaraguan insurgents or "contras" applies only to the provision of funds, goods, equipment, civilian or military supplies, or any other materiel, but does not include the provision of intelligence information or advice to the contras.

BOLAND PROHIBITIONS

Section 8066(a), Department of Defense Appropriations Act, 1985 (P.L. 98-473)

SEC. 8066. (a) During fiscal year 1985, no funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual.

Section 801, Intelligence Authorization Act for FY 1985 (P.L. 98-618)

SEC. 801. No funds authorized to be appropriated by this Act or by the Intelligence Authorization Act for fiscal year 1984 (Public Law 98-215) may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual, except to the extent provided and under the terms and conditions specified by House Joint Resolution 648, making continuing appropriations for the fiscal year 1985, and for other purposes, as enacted.

EXHIBIT BGS-27

① Boland I

|

they are used primarily by those living in absolute poverty themselves, or (B) they constitute research which produces or aims to produce techniques, seeds, or other items to be primarily used by those living in absolute poverty. Research shall not consititue the major part of such facilities, goods, and services.": *Provided further,* That within six months after the date of approval of this joint resolution, the Administrator of the Agency for International Development shall report to Congress on the implementation of this provision, the types of projects determined to meet these requirements, and the effect on the overall United States foreign assistance program.

Report to Congress.
22 USC 2151z note.

(c) Notwithstanding any other provision of this joint resolution, such amounts as may be necessary for programs, projects or activities provided for in the Department of Defense Appropriation Act, 1983, at a rate of operations and to the extent and in the manner provided, to be effective as if it had been enacted into law as the regular appropriation Act, as follows:

AN ACT

Making appropriations for the Department of Defense for the fiscal year ending September 30, 1983, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the fiscal year ending September 30, 1983, for military functions administered by the Department of Defense, and for other purposes, namely:

Department of Defense Appropriation Act, 1983.

TITLE I

MILITARY PERSONNEL

MILITARY PERSONNEL, ARMY

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Army on active duty (except members of reserve components provided for elsewhere), cadets, and aviation cadets; $14,454,848,000.

MILITARY PERSONNEL, NAVY

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of temporary duty travel between permanent duty stations, for members of the Navy on active duty (except members of the Reserve provided for elsewhere), midshipmen, and aviation cadets; $10,537,408,000.

MILITARY PERSONNEL, MARINE CORPS

For pay, allowances, individual clothing, subsistence, interest on deposits, gratuities, permanent change of station travel (including all expenses thereof for organizational movements), and expenses of

EXHIBIT
BGS-27

development and bid and proposal costs allocated to procurement contracts as items of indirect expense.

Transfer of funds.

SEC. 791. No later than the end of the second fiscal year following the fiscal year for which appropriations for Operation and Maintenance have been made available to the Department of Defense, unobligated balances of such appropriations provided for fiscal year 1982 and thereafter may be transferred into the appropriation "Foreign Currency Fluctuations, Defense" to be merged with and available for the same time period and the same purposes as the appropriation to which transferred: *Provided*, That any transfer made pursuant to any use of the authority provided by this provision shall be limited so that the amount in the appropriation "Foreign Currency Fluctuations, Defense" does not exceed $970,000,000 at the time such a transfer is made.

SEC. 792. During the current fiscal year, for the purposes of the appropriation "Foreign Currency Fluctuations, Defense" the foreign currency exchange rates used in preparing budget submissions shall be the foreign currency exchange rates as adjusted or modified, as reflected in applicable Committee reports on this Act.

Nicaragua and Honduras.

SEC. 793. None of the funds provided in this Act may be used by the Central Intelligence Agency or the Department of Defense to furnish military equipment, military training or advice, or other support for military activities, to any group or individual, not part of a country's armed forces, for the purpose of overthrowing the Government of Nicaragua or provoking a military exchange between Nicaragua and Honduras.

SEC. 794. None of the funds made available by this Act shall be used in any way for the leasing to non-Federal agencies in the United States aircraft or vehicles owned or operated by the Department of Defense when suitable aircraft or vehicles are commercially available in the private sector: *Provided*, That nothing in this section shall affect authorized and established procedures for the sale of surplus aircraft or vehicles: *Provided further*, That nothing in this section shall prohibit such leasing when specifically authorized in a subsequent Act of Congress.

SEC. 795. None of the funds made available by this Act shall be available for any competition between the currently approved LANTIRN system and any other system under provisions of section 203 of Public Law 97-252.

Ante, p. 723.

SEC. 796. None of the funds made available by this Act shall be used in any way, directly or indirectly, to influence congressional action on any legislation or appropriation matters pending before the Congress.

SEC. 797. None of the funds made available in the Act or any subsequent Act shall be available for the purchase of the alternate or new model fighter aircraft engine that does not have a written warranty or guarantee attesting that it will perform not less than 3,000 tactical cycles. The warranty will provide that the manufacturer must perform the necessary improvements or replace any parts to achieve the required performance at no cost to the Government.

SEC. 798. Section 308(g) and 308a(c) of title 37, United States Code, are amended by striking "December 17, 1982" and inserting in lieu thereof "March 31, 1983".

Ante, p. 1197.

SEC. 799. Funds available under this Act may be used by the Department of Defense to enter into purchases of or commitments to purchase metals, minerals or other materials under section 303 of

EXHIBIT BGS-28

From: NSWRP --CPUA   Date and time 08/20/85 14:41:04
To: NSJMP --CPUA   JOHN M. POINDEXTER

NOTE FROM: BOB PEARSON
Subject: Barnes letter requesting material re North/Contra contacts
Note from Ollie. Brenda Reger is doing a memo to you on what sources of information might be the object of the Barnes letter. I agree with Ollie that we need to proceed carefully. Paul Thompson suggested that Jock Sharfin might become familiar with the Boland amendment as part of his familiarization wit NSC issues. He's reading up on the subject in the law library and will not be contacting anyone at State or elsewhere. Reger's memo should be to you thisafternoon. Thanks very much.
*** Forwarding note from NSOLN --CPUA 08/20/85 12:45 ***
To: NSWRP --CPUA

*** Reply to note of 08/19/85 13:37

-- SECRET --

NOTE FROM: OLIVER NORTH
Subject: Barnes letter requesting material re North/Contra contacts
Prior to yr xfer of this action, I discussed the Barnes ltr w/ Jim Michel and he urges that we not jump too fast on this issue. He shares my concern that our legal fellow is going to create unhelpful speculation re our intentions on this matter as he proceeds around town asking questions about the Boland ammendment and its legal/legislative intent. Jim recommends, and I agree, thatour response to the Barnes letter should be very quietlydrafted by Jim, Paul Thompson and a rep from Fielding's office. Regards, North

cc: NSBSR --CPUA   NSWRP --CPUA
    NSWFM --CPUA   JOHN M. POINDEXTER NSWRP --CPUA   JOHN M. POINDEXTER

cc: NSOLN --CPUA   NSBSR --CPUA
    NSPBT --CPUA

[redacted]

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Exhibit FH-1

UNCLASSIFIED

THE WHITE HOUSE
WASHINGTON

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Declassified/Released on 7 May 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

UNCLASSIFIED

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Exhibit FH-1A

UNCLASSIFIED

N 16346 A

THE WHITE HOUSE
WASHINGTON

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401214 *
✓ 402003 — 19 Jan YEDIOT AHRONOT P.7

Declassified/Released on 7 May 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

NOV 21 1986

All originals attached except 401214. According to computer, all cys of 401214 were destroyed. Please return these originals to me when you have finished.

Brian

Originals sent to Ollie North JB

NOV 25 1986 [redacted]

551

BM

Exhibit FH-2

#70 X

7635

UNCLASSIFIED

MEMORANDUM

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-402003
Re-do

February 6, 1985

N 6917

~~TOP SECRET~~

ACTION

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by S. Riggs, National Security Council

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Nicaraguan Arms Shipments

The Nicaraguan merchant ship, MONIMBO, is now in port at Taichung, Taiwan, where it is unloading cargo. It is estimated for departure on tomorrow, February 7, enroute to Shikama, Japan, for main engine repairs. [redacted]

At this point, there appear to be three options:

-- The shipment could be seized and the weapons delivered to the FDN;

-- the ship could be sunk; or

-- the shipment and the [redacted] parties involved therein could be made public as a means of preventing the delivery.

~~TOP SECRET~~
Declassify: OADR

TOP SECRET UNCLASSIFIED

[redacted]

640, FBI
12-12

UNCLASSIFIED

~~TOP SECRET~~ N 6918

There [redacted] is no apparent armed security detail aboard the MONIMBO, despite the sensitive nature of her cargo.

If asked, Calero would be willing to finance the operation. He does not, however, have sufficient numbers of trained maritime special operations personnel or a method of delivery for seizing the ship on the high seas. [redacted]

[illegible]

If such an operation were [illegible]ken, it would be best to seize the vessel [illegible] it cleared [illegible] China Sea enroute to Nicaragua's Pacific [illegible] Corint[illegible] Arra[illegible] wou[illegible] have to be made f[illegible] removal [illegible] since it is unlike[illegible] an[illegible] allow MONIMBO [illegible] been pi[illegible].

If tim[illegible] per[illegible] operation to be launched, Calero [illegible] quickl[illegible] provided with [illegible] assets required to s[illegible] the vessel bef[illegible] reach[illegible] at Corint[illegible]. He is in contac[illegible] experts and purveyors of materi[illegible] to [illegible].

RECOMMEN[illegible]

That you authori[illegible] information on MONIMBO and approached on the matter of seizing or sinking the ship.

Approve ____ Disapprove ____

We need to take action to make sure ship does not arrive in Nicaragua.

P

~~TOP SECRET~~ TOP SECRET

BEST AVAILABLE COPY

ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

~~TOP SECRET~~

N 6919

UNCLASSIFIED

NSC/ICS CONTROL NO. 402003

COPY NO. 1 OF 4

HANDLE VIA SYSTEM IV CHANNEL ONLY

NSC INTELLIGENCE DOCUMENT

Partially Declassified/Released on 5 May 198
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

~~TOP SECRET~~

UNCLASSIFIED

2/21

UNCLASSIFIED

National Security Council
The White House

System # ________

Package # ________

N 6920

	SEQUENCE TO	HAS SEEN	DISPOSITI
Paul Thompson			
Bob Kimmitt			
John Poindexter	1		
Tom Shull			
Wilma Hall			
Bud McFarlane	2	has seen	
Bob Kimmitt			
NSC Secretariat			
Situation Room			
JP	3		

I = Information A = Action R = Retain D = Dispatch N = No further Ac

cc: VP Meese Baker Deaver Other ________

COMMENTS Should be seen by: ________
(Date/Time)

UNCLASSIFIED

UNCLASSIFIED

THE WHITE HOUSE
WASHINGTON

Bud, 2/7

N 6921

~~E~~ Except for the prohibition of the intelligence community doing anything to assist the Freedom Fighters I would readily recommend I bring this up at CPPG at 2:00 today.

Of course we could discuss it from the standpoint of keeping the arms away from Nicaragua without any involvement of Calero and Freedom Fighters.

What do you think? J

UNCLASSIFIE

EXHIBIT FH-2A

#64

ROUTING			
To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

7634 ~~N 16347~~

~~TOP SECRET~~

UNCLASSIFIED

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NSC/ICS CONTROL NO. 402003

COPY NO. 1 OF 4

HANDLE VIA SYSTEM IV CHANNEL ONLY

NSC INTELLIGENCE DOCUMENT

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by B. Reger, National Security Council

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

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[redacted]

4 Q
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AD #4
3/23/87
6

National Security Council
The White House

UNCLASSIFIED

N 16348

System # ____________

Package # ____________

	SEQUENCE TO	HAS SEEN	DISPOSITION
Paul Thompson			
Bob Kimmitt			
John Poindexter	1	P	
Tom Shull			
Wilma Hall			
Bud McFarlane	2	has seen	
Bob Kimmitt			
NSC Secretariat			
Situation Room			
JP	3	P	

...ormation A = Action R... D... [redacted]

cc: VP Meese [redacted]

COMMENTS ... Should be seen by: [redacted]

UNCLASSIFIED

BEST AVAILABLE COPY

[redacted]

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

N 16349

SYSTEM IV
NSC/ICS-402003
Re-do

February 6, 1985

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by K. Reger, National Security Council

~~TOP SECRET~~

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Nicaraguan Arms Shipments

The Nicaraguan merchant ship, MONIMBO, is now in port at Taichung, Taiwan, where it is unloading cargo. It is estimated for departure on tomorrow, February 7, enroute to Shikama, Japan, for main engine repairs. [redacted]

[redacted]

[redacted] It would be helpful to have it declassified so that we can have it placed in overseas news media.

RECOMMENDATION

L

Approve ✓ Disapprove ____

~~TOP SECRET~~
Declassify: OADR

UNCLASSIFIED

EXHIBIT FH-3

7628 #71 X

ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)
James Radzimski (#4)

UNCLASSIFIED

N 7182

NSC/ICS CONTROL NO. 400215

COPY NO. ______ OF ______

HANDLE VIA SYSTEM IV CHANNEL ONLY

EXHIBIT

NSC INTELLIGENCE DOCUMENT

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

UNCLASSIFIED

BKD/FBI
12.17.86
NS 130

N 7183

National Security Council
The White House

UNCLASSIFIED

System # II

Package # [illegible]

1621

	SEQUENCE TO	HAS SEEN	DISPOSITI
Bob Pearson	1	\	
Bob Kimmitt	2	K	
John Poindexter			
Paul Thompson			
Wilma Hall	3		
Bud McFarlane	4	M	A
Bob Kimmitt			
NSC Secretariat			
Situation Room			

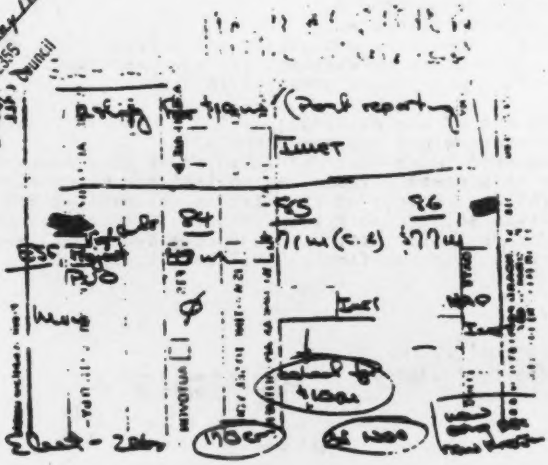
I = Information A = Action R = Retain D = Dispatch N = No further Ac

cc: VP Meese Regan Deaver Other

COMMENTS Should be seen by:

(Date/Time)

Partially Declassified/Released on 5 May 1987 under provisions of E.O. 12356 by ? Reger, National Security Council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ESC
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[redacted]

[redacted]

MEMORANDUM

UNCLASSIFIED ~~TOP SECRET~~

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-400215

N 7184

March 5, 1985

~~TOP SECRET~~

ACTION

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Aid to the Nicaraguan Resistance

Attached at Tab I is a memo from you to Secretaries Shultz and Weinberger, Director Casey, and General Vessey asking for their views on increased U.S. assistance Your memo is cast as suggestion which derives from trip to the region.

The real purpose of your memo is to find a way by which we can compensate the the extraordinary assistance they are providing to the Nicaraguan freedom fighters. At Tab II are end-user certificates which the provided for the purchase of nearly $8M worth of munitions to be delivered to the FDN. These nine documents are a direct consequence of the informal liaison we have established and your meeting with he and The ammunition and weapons identified in these documents will be delivered in several shipments (2 by aircraft and 1 by sea) starting on or about March 10, 1985. All shipments will be delivered be receipted for [redacted], and turned over to FDN representatives at. on arrival. Adolfo is convinced, and I agree, that have not removed or withheld any equipment/munitions from the FDN deliveries which have occurred to date.

During one of the meetings in which the process above was arranged, one of presented a "wish list" of items which they desperately need in order to prosecute their war against the Cuban-supported guerrillas. A copy of the list is attached at Tab III. Each of the items identified are in priority within four principal categories: Aircraft, Ground Forces Equipment, Weapons and Munitions, and Non-Tactical Military Equipment.

~~TOP SECRET~~
~~Declassify: OADR~~

~~TOP SECRET~~

UNCLASSIFIED

UNCLASSIFIED

Your memo at Tab I does not refer to the arrangements which have been made for supporting the resistance through [redacted] It does, however, urge that we take steps now to improve their situation. Once we have approval for at least some of what they have asked for, we can ensure that the right people in [redacted] understand that we are able to provide results from their cooperation on the resistance issue.

RECOMMENDATION

That you sign and transmit the memo at Tab I.

Approve ✓ Disapprove ____

Attachments
Tab I - McFarlane Memo to Shultz/Weinberger/Casey/Vessey
Tab II - [redacted] End-User Certificates
Tab III - [redacted] Military Equipment Requirements

~~TOP SECRET~~ UNCLASSIFIED

N 7186

UNCLASSIFIED

SYSTEM IV
NSC/ICS-400215

THE WHITE HOUSE
WASHINGTON

~~SECRET~~

March 11, 1985

N 7187
SENSITIVE

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
The Secretary of State

THE HONORABLE CASPAR W. WEINBERGER
The Secretary of Defense

THE HONORABLE WILLIAM J. CASEY
The Director of Central Intelligence

GENERAL JOHN W. VESSEY, JR.
The Chairman, Joint Chiefs of Staff

SUBJECT: Assisting Progress toward Democracy (C)

During my brief stop in [redacted] made a convincing case for their commitment to democracy. They also noted their critical need for relatively small amounts of security assistance, economic aid, and support for their struggling agricultural sector. (C)

In recent weeks, there appears to have been an increase in guerrilla attacks and subversion. It is entirely likely that we will see more polarizing activity of this kind as the elections approach. Unless the Army has adequate support, certain elements may use the guerrilla action as a reason to defer elections or to justify counter-productive, repressive measures. Unfortunately, the Congress only provided in FY-85 IMET funds from the Administration's security assistance request. While the FY-86 request for [redacted] in security assistance provides hope for the future, It would seem that we need to look for ways in which we can help [redacted] between now and their elections. (S)

It is, therefore, requested that State take the lead in developing imaginative alternatives can be provided with assistance to improve their security situation. We should consider

as activities by other U.S. agencies which could have a positive effect on internal security conditions.

Our goal in all of this should be to provide all possible assistance to progress toward democracy. (S)

Robert C. McFarlane

Robert C. McFarlane

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

~~SECRET~~
Declassify: OADR

~~SECRET~~

SENSITIVE

N 7188

[redacted] UNCLASSIFIED
N 7189

S/r. [redacted]

CERTIFICACION DE DESTINO FINAL

[redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ MIL (10,000) rifles automáticos, los cuales serán destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

[redacted]

UNCLASSIFIED

N 7190

UNCLASSIFIED

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ MIL (10,000) libras de explosivo (HE) - C4 o TNT y UN MIL QUINIENTOS (1,500) detonadores variados, los cuales serán destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

UNCLASSIFIED N 7191

CERTIFICACION DE DESTINO FINAL

/14 de febrero de 1,985.

S. ñores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será destinado para uso exclusivo del Ejército de y no será reexportado ni vendido a otro país, siendo el destino final:

A. 150 ametralladoras
B. 150 morteros de 60mm. -completos-.
C. 100 morteros de 81mm. -completos-.
D. 150 lanzagranadas M-79
E. -30 fusiles sin retroceso de 57mm.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

UNCLASSIFIED

N 7192

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por éste medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será -- destinado para uso exclusivo del Ejército de y no será reexportado ni vendido a otro país, siendo - el destino final:

A. 10,000 granadas M-79.
B. -3,000 granadas de 60mm.
C. -2,000 granadas de 81mm.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

UNCLASSIFIED N 7193

CERTIFICACION DE DESTINO FINAL

[redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATINAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual, será destinado para uso exclusivo del Ejército de [redacted], y no será reexportado ni vendido a otro país, siendo [redacted] el destino final:

A. 3,000 granadas RPG-7.
B. --100 lanzagranadas RPG-7.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

[redacted]

UNCLASSIFIED

N 7194

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DOS MIL (2,000) minas anti-personales y UN MIL (1,000) minas anti-tanque, las cuales serán destinadas para uso exclusivo del Ejército de y no serán reexportadas - ni vendidas a otro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

UNCLASSIFIED

N 7195

CERTIFICACION DE DESTINO FINAL:

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por TRES MIL (3,000) LAW ROCKETS, que vienen destinados para uso exclusivo del Ejército de y no serán reexportados ni vendidos a otro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

UNCLASSIFIED

N 7196

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ (10) lanzacohetes tierra-aire y CINCUENTA (50) misiles tierra-aire, los cuales vienen destinados para uso exclusivo del Ejército de y no serán reexportados ni -- vendidos a otro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

UNCLASSIFIED

[redacted]

UNCLASSIFIED

N 7197

s/r.

CERTIFICACION DE DESTINO FINAL

[redacted] 14 de febrero de 1983.

Señores ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por CINCO MILLONES (5.000,000) de cartuchos Ball Ammo, calibre 7.62mm., los cuales serán destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme de ustedes atentamente.

UNCLASSIFIED

N 7198-

[illegible]

MILITARY EQUIPMENT REQUIREMENTS

N 7199

The following military equipment and services have been identified as the highest priority Army in combatting the Communist guerrillas. They are listed in sequence of highest to lowest need within each category.

Aircraft:

-- New or refurbished helicopters and spare parts for existing inventory.

-- Spare parts for fixed wing cargo aircraft.

-- New or refurbished ground attack aircraft and spare parts for existing inventory.

-- New trainer aircraft and related spare parts.

Ground Forces Equipment:

-- Communications equipment, including secure voice systems.

-- Various vehicles for troop and logistical transport.

-- Engineering equipment, including bulldozers, road-graders, and survey instruments.

Weapons and Munitions:

-- Light and medium weapons, including M-16 rifles, M-60 machine guns, pistols (9mm and .45 caliber), 81mm and 60mm mortars, and 90mm recoilless rifles.

-- Ground force munitions, including mortar, recoilless rifle, and artillery rounds, assorted mines and explosives, and 7.62 x 51 linked ammunition, plus hand grenades.

-- Aerial munitions, including 200 and 500 pound bombs and 2.75 inch rockets with appropriate warhead mixes.

Additional Non-Tactical Supplies and Equipment:

-- Field hospital equipment, general medical supplies, and training for paramedics.

-- Tactical radars for use in detecting border infiltration.

[illegible] 5May 1987

UNCLASSIFIED

Exhibit FH-3A

UNCLASSIFIED

7629

~~TOP SECRET~~

#65

N 16350

ROUTING

To	Name and Address	Date	Initial
1	Robert McFarlane		
2			
3			
4			
5			
6			

XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)
James Radzimski (#4)

NSC/ICS CONTROL NO. 400215

COPY NO. 1 OF 4

HANDLE VIA SYSTEM IV CHANNEL ONLY

NSC INTELLIGENCE DOCUMENT

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

UNCLASSIFIED

file
3!"

EXHIBIT
FH-3A

#2
3/23/87
f

UNCLASSIFIED

N 16351

National Security Council
The White House

System # IV
Package # 400215

1621

	SEQUENCE TO	HAS SEEN	DISPOSITION
Bob Pearson	1	✓	
Bob Kimmitt	2	K	
John Poindexter			
Paul Thompson			
Wilma Hall	3		
Bud McFarlane	4	M	A
Bob Kimmitt			
NSC Secretariat	5		D
Situation Room			

I = Information A = Action R = Retain D = Dispatch N = No further Action

cc: VP Meese Regan Deaver Other

COMMENTS

Should be seen by: ____________
(Date/Time)

UNCLASSIFIED

[redacted]

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

SYSTEM IV
NSC/ICS-400215

N 16352

March 5, 1985

~~TOP SECRET~~

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Aid to the Nicaraguan Resistance

Attached at Tab I is a memo from you to Secretaries Shultz and Weinberger, Director Casey, and General Vessey asking for their views on increased U.S. assistance to ______. Your memo is cast as suggestion which derives from trip to the region.

Your memo at Tab I urges that we take steps now to improve the situation in ______

RECOMMENDATION

That you sign and transmit the memo at Tab I.

Approve ✓ Disapprove ____

Attachments
Tab I - McFarlane Memo to Shultz/Weinberger/Casey/Vessey
Tab II - End-User Certificates
Tab III - [redacted] Military Equipment Requirements

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

~~TOP SECRET~~
Declassify: OADR

UNCLASSIFIED

UNCLASSIFIED

THE WHITE HOUSE

WASHINGTON

SYSTEM IV
NSC/ICS-400215

N 16353
SENSITIVE

~~SECRET~~

March 11, 1985

MEMORANDUM FOR THE HONORABLE GEORGE P. SHULTZ
The Secretary of State

THE HONORABLE CASPAR W. WEINBERGER
The Secretary of Defense

THE HONORABLE WILLIAM J. CASEY
The Director of Central Intelligence

GENERAL JOHN W. VESSEY, JR.
The Chairman, Joint Chiefs of Staff

SUBJECT: Assisting Progress toward Democracy (C)

During my brief stop in [redacted] made a convincing case for their commitment to democracy. They also noted their critical need for relatively small amounts of security assistance, economic aid, and support for their struggling agricultural sector. (C)

In recent weeks, there appears to have been an increase in guerrilla attacks and subversion. It is entirely likely that we will see more polarizing activity of this kind as the elections approach. Unless the Army has adequate support, certain elements may use the guerrilla action as a reason to defer elections or to justify counter-productive, repressive measures. Unfortunately, the Congress only provided in FY-85 IMET funds from the Administration's security assistance request. While the FY-86 request for in security assistance provides hope for the future, it would seem that we need to look for ways in which we can help between now and their elections. (S)

It is, therefore, requested that State take the lead in developing imaginative alternatives can be provided with assistance to improve their security situation. We should co[redacted] as well as activiti by her U.S. agencies which could have a positive effect on internal security conditions.

Our goal in all of this should be to provide all possible assistance to progress toward democracy. (S)

Robert C. McFarlane

Robert C. McFarlane

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

~~SECRET~~
Declassify: OADR

UNCLASSIFIED

~~SECRET~~

SENSITIVE

N 16354

UNCLASSIFIED

N 16355

[redacted]

CERTIFICACION DE DESTINO FINAL

[redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ MIL (10,000) rifles automáticos, los cuales serán destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme [redacted]ente.

[redacted]

[redacted]

UNCLASSIFIED
N: 16356

CERTIFICACION DE DESTINO FINAL

[redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ MIL (10,000) libras de explosivo (HE) - C4 o TNT y UN MIL QUINIENTOS (1,500) detonadores variados, los cuales serán destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

[redacted]

UNCLASSIFIED

[redacted]

UNCLASSIFIED

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será destinado para uso exclusivo del Ejército de y no será reexportado ni vendido a otro país, siendo el destino final:

A. 150 ametralladoras
B. 150 morteros de 60mm. -completos-.
C. 100 morteros de 81mm. -completos-.
D. 150 lanzagranadas M-79
E. -30 fusiles sin retroceso de 57mm.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

[redacted]

UNCLASSIFIED

[redacted]

N 16358

UNCLASSIFIED

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será -- destinado para uso exclusivo del Ejército de y no será reexportado ni vendido a otro país, siendo - el destino final:

A. 10,000 granadas M-79.
B. -3,000 granadas de 60mm.
C. -2,000 granadas de 81mm.

Sin otro particular, aprovecho la oportunidad para scribirme atentamente.

[redacted]

UNCLASSIFIED

[redacted]

UNCLASSIFIED

N 16359

[redacted]

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATINAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL del material que a continuación se detalla, el cual será destinado para uso exclusivo del Ejército de [redacted] y no será reexportado ni vendido a otro país, siendo el destino final:

A. 3,000 granadas RPG-7.
B. --100 lanzagranadas RPG-7.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

[redacted]

UNCLASSIFIED

[redacted]

N 16360
UNCLASSIFIED

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DOS MIL (2,000) minas anti-personales y UN MIL (1,000) minas anti-tanque, las cuales serán destinadas para uso exclusivo del Ejército de ,y no serán reexportadas - ni vendidas a otro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

[redacted]

UNCLASSIFIED

N 16361

UNCLASSIFIED

[redacted] [redacted]

CERTIFICACION DE DESTINO FINAL:

[redacted] 14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por TRES MIL (3,000) LAW ROCKETS, que vienen destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

[redacted]

UNCLASSIFIED

[redacted]

[redacted]

UNCLASSIFIED

N 16362

CERTIFICACION DE DESTINO FINAL

14 de febrero de 1,985.

Señores:
ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por DIEZ (10) lanzacohetes tierra-aire y CINCUENTA (50) misiles tierra-aire, los cuales vienen destinados para uso exclusivo del Ejército de y no serán reexportados ni -- vendidos a otro país, siendo el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme atentamente.

[redacted]

UNCLASSIFIED

UNCLASSIFIED

N 16363

[redacted]

CERTIFICACION DE DESTINO FINAL

[redacted], 14 de febrero de 1985.

Señores ENERGY RESOURCES INTERNATIONAL
440 Maple Ave. East
Viena, Va., 22180.

Señores:

Nos dirigimos a ustedes, para manifestarles que por este medio estamos extendiendo CERTIFICACION DE DESTINO FINAL por CINCO MILLONES (5.000,000) de cartuchos Ball Ammo, calibre 7.62mm., los cuales serán destinados para uso exclusivo del Ejército de [redacted] y no serán reexportados ni vendidos a otro país, siendo [redacted] el destino final.

Sin otro particular, aprovecho la oportunidad para suscribirme de ustedes atentamente.

[redacted]

UNCLASSIFIED

N 16364

UNCLASSIFIED

N 16365

[redacted]

MILITARY EQUIPMENT REQUIREMENTS

The following military equipment and services have been identified as the highest priority Army in combatting the Communist guerrillas. They are listed in sequence of highest to lowest need within each category.

Aircraft:

-- New or refurbished helicopters and spare parts for existing inventory.

-- Spare parts for fixed wing cargo aircraft.

-- New or refurbished ground attack aircraft and spare parts for existing inventory.

-- New trainer aircraft and related spare parts.

Ground Forces Equipment:

-- Communications equipment, including secure voice systems.

-- Various vehicles for troop and logistical transport.

-- Engineering equipment, including bulldozers, road-graders, and survey instruments.

Weapons and Munitions:

-- Light and medium weapons, including M-16 rifles, M-60 machine guns, pistols (9mm and .45 caliber), 81mm and 60mm mortars, and 90mm recoilless rifles.

-- Ground force munitions, including mortar, recoilless rifle, and artillery rounds, assorted mines and explosives, and 7.62 x 51 linked ammunition, plus hand grenades.

-- Aerial munitions, including 200 and 500 pound bombs and 2.75 inch rockets with appropriate warhead mixes.

Additional Non-Tactical Supplies and Equipment:

-- Field hospital equipment, general medical supplies, and training for paramedics.

-- Tactical radars for use in detecting border infiltration.

UNCLASSIFIED

EXHIBIT FH-4

7627

ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

#63

N 10611

TOP SECRET SENSITIVE

UNCLASSIFIED

EYES ONLY

TOP SECRET

NSC/ICS CONTROL NO. 400246

COPY NO. 2 OF 4

HANDLE VIA SYSTEM IV CHANNEL ONLY

[redacted]

NSC INTELLIGENCE DOCUMENT

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

56
12/1/2
Ea

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by E. Reger, National Security Council

EYES ONLY

TOP SECRET SENSITIVE

UNCLASSIFIED

~~TOP SECRET~~

UNCLASSIFIED

MEMORANDUM

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-400246
N 10612

March 16, 1985

~~TOP SECRET~~ **SENSITIVE**

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Fallback Plan for the Nicaraguan Resistance

The plan attached at Tab I has been developed, pursuant to our discussion on Friday regarding fallback options. It is premised on the assumption of a major Congressional budget battle and an assessment that the Congress will not rescind the restrictions in Section 8066 of the FY-85 C.R. (Tab A). Should you determine in your meeting with Senators Durenburger and Lugar (Tuesday, March 19, 0730) that the Congress will not endorse a resumption of USG support to the resistance, the plan at Tab I provides a workable alternative.

Secrecy for the plan is paramount. We could not implement such an option if it became known in advance and it also mandates that present donors continue their relationship with the resistance beyond the current funding figure. The plan would require the President to make a major public pronouncement which, in turn, must be supported by other Administration officials, resistance leaders, and regional Heads of State once it has been announced.

RECOMMENDATION

That, if Durenburger and Lugar indicate an unwillingess to support resumption of USG aid to the resistance, you discuss the attached plan with Secretary Shultz following your meeting.

Approve _____ Disapprove _____

Attachments
Tab I - Fallback Option Plan
Tab A - Section 8066 of the FY-85 C.R.

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

~~TOP SECRET~~
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N 10613

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N 10614

FALLBACK OPTION PLAN FOR THE NICARAGUAN RESISTANCE

Assumptions. The Congress is unwilling to support release of $14M in USG funds for the purpose of supporting, directly or indirectly, military or paramilitary operations in Nicaraguan. The FY-86 budget is seriously jeopardized by Congressional action and will require a major effort on the part of the President immediately after the MX vote through mid-July. There will be insufficient time or assets available to organize the kind of Administration-wide effort required to achieve an affirmative vote in both Houses on the Nicaraguan resistance program.

Section 8066 of the law (Tab A) expires on October 1, 1985. There are currently $28M requested in the FY-86 intelligence budget for the purpose of supporting paramilitary operations by the Nicaraguan resistance. The current funding relationship which exists between the resistance and its donors is sufficient to purchase arms and munitions between now and October--if additional monies are provided for non-military supplies (e.g., food, clothing, medical items, etc.). The current donors will have to be convinced of the need to continue their funding for munitions after October 1, 1985. A commitment for another $25-30M from the donors will be necessary for munitions in 1986 in anticipation that the $28M requested in the intelligence budget is not approved.

Concept. In lieu of forwarding the report to the Congress required by Section 8066 of PL 98-473, the President would announce on or about April 2 that the American people should contribute funds ("...send your check or money order to the Nicaraguan Freedom Fighters, Box 1776, Gettysburg, PA...") to support liberty and democracy in the Americas. He would note that the monies raised would be used to support the humanitarian needs of those struggling for freedom against Communist tyranny in Central America. By necessity, the speech must be dramatic and a surprise. It cannot be leaked in advance.

Prior to the speech, the following steps must be taken:

-- Calero, Cruz, and Robelo (the principle leadership of the Nicaraguan armed and unarmed resistance) must be covertly advised of this plan and must assure of their support.

-- The Nicaraguan Freedom Fund, Inc., a 501(c)3 tax exempt corporation, must be established and obtain a Post Office Box 1776 in Gettysburg, Philadelphia, Valley Forge, or Yorktown. (This process is already underway.)

~~TOP SECRET~~ **SENSITIVE**

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by C. Reger, National Security Council

-- Presidents Suazo, Monge, and Duarte (and the appropriate leadership of each of those countries) must be apprised of this plan 1-2 days in advance of the announcement. They must be prepared to fully support the President's proclamation.

-- The current donors must be apprised of the plan and agree to provide additional $25-30M to the resistance for the purchase of arms and munitions.

-- Public groups and political action committees already mobilized for the Congressional campaign to relieve the 8066 constraints will have to be mobilized for the new approach (advertising, posters, mailings, phonecalls, etc.) several hours before the President speaks.

-- Assuming a Presidential speech on or about April 2 at 8:00 p.m., a briefing for senior Administration officials should be held at 7:00 p.m. that day in Room 450 OEOB to ensure that public commentary after the speech by these official is supportive of this proclamation

Additional Requirements.

-- Informal contact several months ago with a lawyer sympathetic to our cause indicated that such a procedure would be within the limits of the law. Fred Fielding should be asked to do conduct a very private evaluation of the President's role in making such a request.

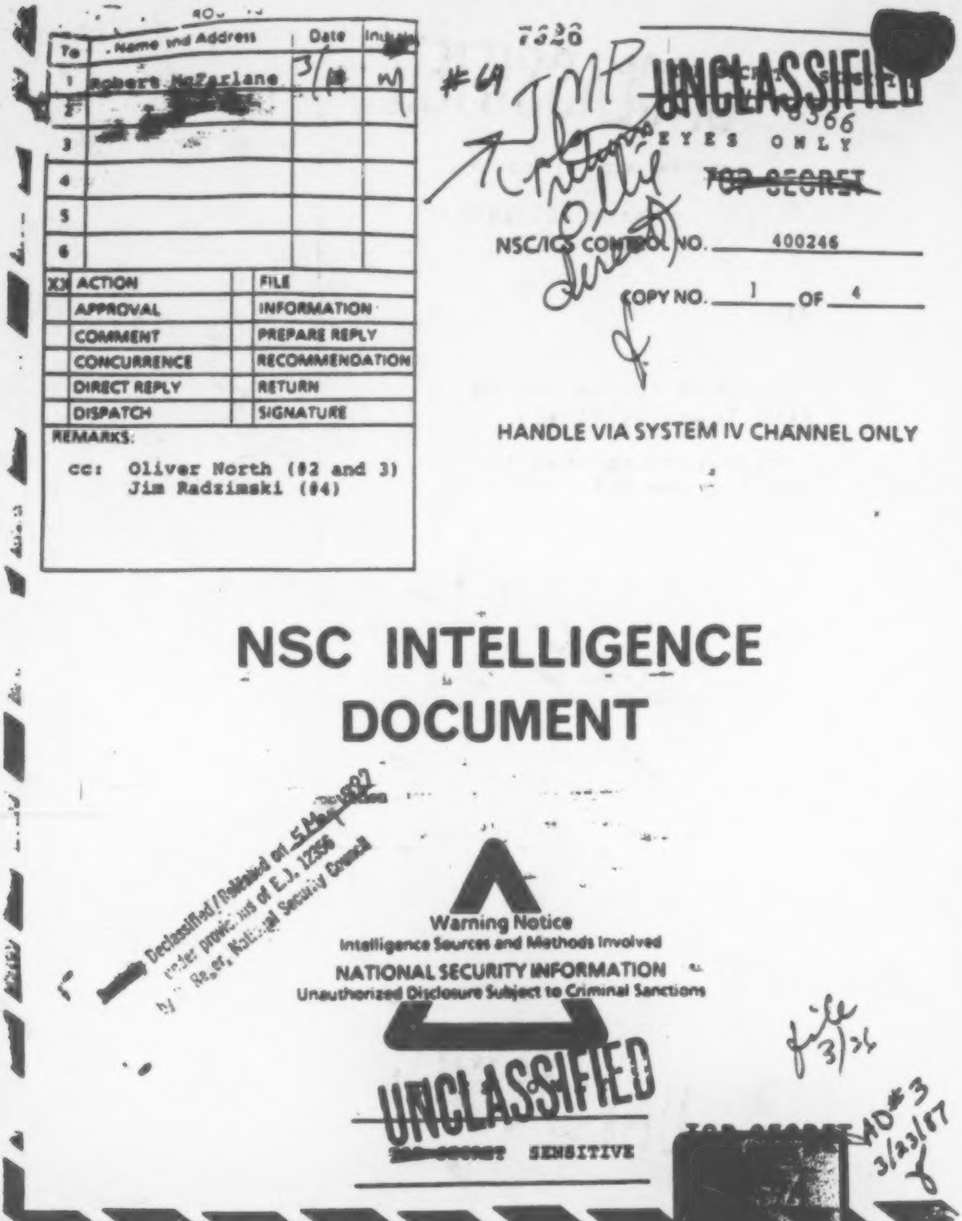
-- The name of one of several existing non-profit foundations, we have established in the course of the last year, will be changed to Nicaraguan Freedom Fund, Inc. Several reliable American citizens must be contacted to serve as its corporate leadership on its board of directors along with Cruz, Calero, and Robelo

-- Calero, Cruz, and Robelo will support support such an option if properly approached. They should then be photographed with the President on the day of his announcement and prepared to appear on U.S. and other media supporting the President's program.

-- You will have to make a quick (one day) trip to the region, preferably the day before announcement in order to brief Heads of State and regional leaders. For obvious reasons, this must be a very secret trip.

-- The President's speech must be prepared in total secrecy much the same as Ben Elliott worked on the Grenada announcements.

EXHIBIT FH-4A



To	Name and Address	Date	Initials
1	Robert McFarlane	3/18	M
2	[redacted]		
3			
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6			

XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

7328

#64 JMP

[redacted]

UNCLASSIFIED

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EYES ONLY

~~TOP SECRET~~

Col. North
Ollie
Direct

NSC/ICS CONTROL NO. 400246

COPY NO. 1 OF 4

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Declassified/Released on 5 May 1992
under provisions of E.O. 12356
by R. Reger, National Security Council

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[redacted]

file
3/26

AD #3
3/23/87

N 16367

UNCLASSIFIED

NATIONAL SECURITY COUNCIL

March 25, 1985
1915

JIM:

I xeroxed copies for ON from these originals.

I am returning them to you for the file.

Thanks!

FAWN

EYES ONLY

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[redacted]

UNCLASSIFIED

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

SYSTEM IV
NSC/ICS-400246

March 16, 1985

N 16368

~~TOP SECRET~~

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: Fallback Plan for the Nicaraguan Resistance

Congress is apparently reluctant to rescind the restrictions in Section 8066 of the FY-85 C.R. (Tab A). Should you determine in your meeting with Senators Durenburger and Lugar (Tuesday, March 19, 0730) that the Congress will not endorse a resumption of USG support to the resistance, we will need to develop a fallback plan for getting on with support for the resistance. The best fallback we have is to stress that, while President Reagan is unwilling to use U.S. troops in Nicaragua, all available intelligence supports the realization that we will have to in the 1990's, if there is not a democratic outcome now.

RECOMMENDATION

That, if Durenburger and Lugar indicate an unwillingness to support voting on USG aid to the resistance again this spring, you ask them for fallback options.

Approve ✓ Disapprove ____

Attachment
Tab A - Section 8066 of the FY-85 C.R.

[redacted] Declassified / Released on 5 May 87
under [illegible] 12356
[illegible] Reger, [illegible]

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Declassify: OADR

UNCLASSIFIED

N 16369

H. J. Res. 648

P.L. 98-473

N 16370

Ninety-eighth Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Monday, the twenty-third day of January, one thousand nine hundred and eighty-four

Joint Resolution

Making continuing appropriations for the fiscal year 1985, and for other purposes.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

TITLE I

That the following sums are hereby appropriated, out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government for the fiscal year 1985, and for other purposes, namely:

SEC. 101. (a) Such sums as may be necessary for programs, projects, or activities provided for in the Agriculture, Rural Development and Related Agencies Appropriation Act, 1985 (H.R. 5743), to the extent and in the manner provided for in the conference report and joint explanatory statement of the Committee of Conference (House Report Numbered 98-1071), filed in the House of Representatives on September 25, 1984, as if such Act had been enacted into law.

(b) Such sums as may be necessary for programs, projects, or activities provided for in the District of Columbia Appropriation Act, 1985 (H.R. 5899), to the extent and in the manner provided for in the conference report and joint explanatory statement of the Committee of Conference (House Report Numbered 98-1088), filed in the House of Representatives on September 26, 1984, as if such Act had been enacted into law.

(c) Such amounts as may be necessary for programs, projects or activities provided for in the Department of the Interior and Related Agencies Appropriations Act, 1985, at a rate of operations and to the extent and in the manner provided as follows, to be effective as if it had been enacted into law as the regular appropriation Act:

N 16371

~~Army Reserve, Army National Guard or Air National Guard occupied by, or programed to be occupied by, persons in an active Guard or Reserve status: *Provided further*, That none of the funds appropriated by this Act may be used to include (civilian) military technicians in computing civilian personnel ceilings, including statutory or administratively imposed ceilings, on activities in support of the Army Reserve, Air Force Reserve, Army National Guard or Air National Guard.~~

~~SEC. 8064. (a) The provisions of section 138(c)(2) of title 10, United States Code, shall not apply with respect to fiscal year 1985 or with respect to the appropriation of funds for that year.~~

~~(b) During fiscal year 1985, the civilian personnel of the Department of Defense may not be managed on the basis of any end-strength, and the management of such personnel during that fiscal year shall not be subject to any constraint or limitation (known as an end-strength) on the number of such personnel who may be employed on the last day of such fiscal year.~~

~~(c) The fiscal year 1986 budget request for the Department of Defense as well as all justification material and other documentation supporting the fiscal year 1986 Department of Defense budget request shall be prepared and submitted to the Congress as if sections (a) and (b) of this provision were effective with regard to fiscal year 1986.~~

~~(TRANSFER OF FUNDS)~~

~~SEC. 8065. Appropriations or funds available to the Department of Defense during the current fiscal year may be transferred to appropriations provided in this Act for research, development, test, and evaluation to the extent necessary to meet increased pay costs authorized by or pursuant to law, to be merged with and to be available for the same purposes, and the same time period, as the appropriation to which transferred.~~

SEC. 8066. (a) During fiscal year 1985, no funds available to the Central Intelligence Agency, the Department of Defense, or any other agency or entity of the United States involved in intelligence activities may be obligated or expended for the purpose or which would have the effect of supporting, directly or indirectly, military or paramilitary operations in Nicaragua by any nation, group, organization, movement, or individual.

(b) The prohibition concerning Nicaragua contained in subsection (a) shall cease to apply if, after February 28, 1985—

(1) the President submits to Congress a report—

(A) stating that the Government of Nicaragua is providing material or monetary support to anti-government forces engaged in military or paramilitary operations in El Salvador or other Central American countries;

(B) analyzing the military significance of such support;

(C) stating that the President has determined that assistance for military or paramilitary operations prohibited by subsection (a) is necessary;

(D) justifying the amount and type of such assistance and describing its objectives; and

(E) explaining the goals of United States policy for the Central American region and how the proposed assistance would further such goals, including the achievement of peace and security in Central America through a compre-

16372

hensive, verifiable and enforceable agreement based upon the Contadora Document of Objectives; and

(2) a joint resolution approving assistance for military or paramilitary operations in Nicaragua is enacted.

(e)(1) For the purpose of subsection (b)(2), "joint resolution" means only a joint resolution introduced after the date on which the report of the President under subsection (b)(1) is received by Congress, the matter after the resolving clause of which is as follows: "That the Congress approves the obligation and expenditure of funds available for fiscal year 1985 for supporting, directly or indirectly, military or paramilitary operations in Nicaragua.".

(2) The report described in subsection (b)(1) shall be referred to the appropriate committee or committees of the House of Representatives and to the appropriate committee or committees of the Senate.

(3) A resolution described in paragraph (1) introduced in the House of Representatives shall be referred to the Committee on Appropriations of the House of Representatives. A resolution described in paragraph (1) introduced in the Senate shall be referred to the Committee on Appropriations of the Senate. Such a resolution may not be reported before the eighth day after its introduction.

(4) If the committee to which is referred a resolution described in paragraph (1) has not reported such resolution (or an identical resolution) at the end of fifteen calendar days after its introduction, such committee shall be discharged from further consideration of such resolution and such resolution shall be placed on the appropriate calendar of the House involved.

(5)(A) When the committee to which a resolution is referred has reported, or has been deemed to be discharged (under paragraph (4)) from further consideration of, a resolution described in paragraph (1), notwithstanding any rule or precedent of the Senate, including Rule 22, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) for any Member of the respective House to move to proceed to the consideration of the resolution, and all points of order against the resolution (and against consideration of the resolution) are waived. The motion is highly privileged in the House of Representatives and is privileged in the Senate and is not debatable. The motion is not subject to amendment, or to a motion to postpone, or to a motion to proceed to the consideration of other business. A motion to reconsider the vote by which the motion is agreed to or disagreed to shall not be in order. If a motion to proceed to the consideration of the resolution is agreed to, the resolution shall remain the unfinished business of the respective House until disposed of.

(B) Debate on the resolution, and on all debatable motions and appeals in connection therewith, shall be limited to not more than ten hours, which shall be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is in order and not debatable. An amendment to, or a motion to postpone, or a motion to proceed to the consideration of other business, or a motion to recommit the resolution is not in order. A motion to reconsider the vote by which the resolution is agreed to or disagreed to is not in order.

(C) Immediately following the conclusion of the debate on a resolution described in paragraph (1), and a single quorum call at the conclusion of the debate if requested in accordance with the rules of the appropriate House, the vote on final passage of the resolution shall occur.

EXHIBIT FH-5

#61
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X

ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
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XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS

cc: Oliver North (#2 and ③)
Jim Radzimski (#4)

N 1059

[redacted]

~~TOP SECRET~~

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COPY NO. 3 OF 4

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EXHIBIT
FH-5

NSC INTELLIGENCE
[redacted] DOCUMENT

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by [illegible], National Security Council

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UNCLASSIFIED

MEMORANDUM

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ISC-40200

N 10592

April 11, 1985

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by [redacted] National Security Council

~~SENSITIVE~~

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: FDN Military Operations

Attached at Tab A is a summary analysis of how the FDN has expended funds which have been made available since USG funding expired in May 1984. From July 1984 through February 1985, the FDN received $1M per month for a total of $8M. From February 22 to April 9, 1985, an additional $16.5M has been received for a grand total of $24.5M Of this, $17,145,594 has been expended for arms, munitions, combat operations, and support activities:

-- most expenditures have been for purchases of arms, ammunition, and other ordnance items;

-- the $2.5M indicated for upkeep of base camps on the borders includes costs of approximately $350K per month (an expense which will increase as the number of recruits continues to grow) and $50K for the operation conducted in Managua against the ammunition depot at the EPS military headquarters;

-- the funding has allowed the growth of the resistance from 9,500 pe[redacted]nel in June 1984 to over 16,000 today--all with arms;

-- when the May 1985 sealift arrives ($5M has already been deposited for this delivery), an additional 6,000 fighters can be equipped and fielded after a 3 week training period;

-- the relocation of base camps along border has been ordered for mid to late April 1985 in order to disperse the target for a Sandinista attack (cost for this relocation have not yet been fully quantified);

-- the acquisition of two small transport aircraft at the cost of $186K is prudent given the increased patrolling activity by the EPS along border, thus complicating trail-borne resupply for columns operating deep inside Nicaragua.

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Declassify: OADR

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~~SENSITIVE~~

Summary of Operations to Date

The FDN has grown nearly twofold since the cut-off of USG funding. In this period, they have reoriented from conventional to guerrilla warfare tactics. Despite the lack of any internal staff organization (G-1, G-2, G-3, G-4) when the USG withdrew, the FDN has responded well to guidance on how to build a staff. Although there was a basic lack of familiarity with how to conduct guerrilla-type operations, since July, all FDN commanders have been schooled in these techniques and all new recruits are now initiated in guerrilla warfare tactics before being committed to combat. In short, the FDN has well used the funds provided and has become an effective guerrilla army in less than a year.

Future Operations

Plans call for remaining resources ($7,354,000) to be used as follows:

-- increasing the force to a total of 25,000 by mid-Summer;

-- a major special operations attack against Sandino airport with the purpose of destroying the MI-24 helicopters and the Sandinista Air Force maintenance capability;

-- a major ground operation against the mines complex in the vicinty of Siuna, Bonanza, and La Rosita (Nicaragua)--the purpose of the operation is to secure the principal lines of communication in and out of Puerto Cabezas; and

-- the opening of a southern front along the [redacted] border which will distract EPS units currently committed to the northern front.

It is apparent that the $7M remaining will be insufficient to allow the resistance to advance beyond these limited objectives, unless there is a commitment for additional funds. The $14M which the USG may be able to provide will help to defray base camp, training, and support expenses but will not significantly affect combat operations until early Autumn due to lead-time requirements. Efforts should, therefore, be made to seek additional funds from the current donors ($15-20M) which will allow the force to grow to 30-35,000. If a commitment for these funds is made between now and June 1985, supplies could be ordered in July, allowing the force to reach these levels by the end of October 1985.

UNCLASSIFIED N 10594

RECOMMENDATION

That the current donors be approached to provide $15-20M additional between now and June 1, 1985.

Approve _____ Disapprove _____

Attachment
Tab A - Summary Analysis of FDN Expenditures

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N 10596

As of April 9, 1985

FDN Expenditures and Outlays

July 1984 through February 1985

Quantity	Item	Cost
Independent Acquisition		
	G-3 rifles	[redacted]
	Magazines	[redacted]
	Rounds 7.62 x 51	[redacted]
	Rounds 7.62 x 51	[redacted]
	Hand grenades	[redacted]
Airlift #1 - February 1985		
	81mm grenades	$
	60mm grenades	
	50 cal API	
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
Freight, Demurrage, Ins., etc.		
Airlift #2 - March 1985		
750,000	Rounds 7.62 x 39	$ 210,000
1,000	RPG-7 grenades	265,000
8,910	Hand grenades	84,645
60	60mm mortars	96,000
1,472 Kgs	C-4	47,104
[redacted]	Fuses and detonators	
[redacted]	G-3 rifles	
	G-3 magazines	
	Cleaning kits	
	60mm grenades	
	50 cal links	
Freight, Demurrage, Ins., etc.		
Sealift #1 - April Arrival		
	RPG-7 rockets	$
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Belts for 7.62 x 39	
	SA-7 launchers	
	SA-7 rockets	
	M-79 grenades	
Freight, Ins., and other exp		
	M-79 grenades	

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FDN Expenditures and Outlays
July 1984 through February 1985 (Cont'd...)

Quantity	Item	Cost
Sealift #2 - May Arrival		
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Rounds linked 7.62 x 51	
	Hand grenades	
	M-79 grenades	
	60mm grenades	
	81mm grenades	
	82mm grenades	
	RPG-7 rockets	
	Claymore mines	
	50 cal API	
	12.7 ammo	
	57mm recoiless rifles	
	57mm ammo	
	Anti-tank mines	
	G-3 rifles	
	G-3 cleaning kits	
	AK rifles	
	G-3 magazines	
	AK magazines	
	Swedish K magazines	
	HK-21 machine guns	
	RPG-7 launchers	
	M-79 launchers	
	9mm pistols	
	AK-39 links or belts	
[redacted]	C-4	
Deposit paid	Fuses and detonators	
Estimated cost		
Miscellaneous Expenses Since July 1984		
	Uniforms	
	Boots	
	Radio and comm equip	
	Air and ground transp	
	Military gear	
	Aid to southern front	
	Aid to Misuras	
	Food, family asst, upkeep of base camps, air force hospitals, etc.	
	Political activity - offices in various countries and cities, travel, p.r.	
	Acquisition two transp airplanes	

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EXHIBIT FH-5A

ROUTING

	Name and Address	Date	Initials
1	Robert McFarlane		
2			
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XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

11 Nov 86

#68

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Note: last page is missing & therefore not reviewed

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EXHIBIT
FH-5A

#4
3/23/87

[redacted]

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

SYSTEM IV
NSC/ICS-402007

April 11, 1985

~~TOP SECRET~~

SENSITIVE

ACTION

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

MEMORANDUM FOR ROBERT C. MCFARLANE

N 16375

FROM: OLIVER L. NORTH

SUBJECT: FDN Military Operations

Attached at Tab A is a summary analysis of how the FDN has expended funds available to them since USG funding expired in May 1984. According to information they have given us, from July 1984 through February 1985, they spent $1M per month for a total of $8M. From February 22 to April 9, 1985, additional $16.5M has been received for a grand total of $24.5M. Of this, $17,145,594 has been expended for arms, ammunition, combat operations, and support activities.

-- Most expenditures have been for purchases of arms, ammunition, and other ordnance items.

-- The $2.5M indicated for upkeep of base camps on the borders includes costs of approximately $350K per month (an expense which will increase as the number of recruits continues to grow) and $50K for the operation conducted in Managua against the ammunition depot at the EPS military headquarters.

-- The resistance has grown from 9,500 personnel in June 1984 to over 16,000 today.

-- An additional 6,000 fighters are undergoing a 3 week training period.

-- The relocation of base camps along border has been ordered for mid to late April 1985 in order to disperse the target for a Sandinista attack.

-- The acquisition of two small transport aircraft at the reported cost of $186K will help ameliorate increased patrolling activity by the EPS along border. This patrol activity has complicated trail-borne resupply for columns operating deep inside Nicaragua, thus necessitating aircraft resupply.

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Declassify: OADR

SENSITIVE

Summary of Operations to Date

The FDN has grown nearly twofold since the cut-off of USG funding. In this period, they have reoriented from conventional to guerrilla warfare tactics. Despite the lack of any internal staff organization (G-1, G-2, G-3, G-4) when the USG withdrew, the FDN has responded well to guidance on how to build a staff. Although there was a basic lack of familiarity with how to conduct guerrilla-type oprations, since July, all FDN commanders have been schooled in these techniques and all new recruits are now initiated in guerrilla warfare tactics before being committed to combat. In short, the FDN has well used the funds provided and has become an effective guerrilla army in less than a year. The listing of combat operations at Tab B [redacted] is indicative of what the FDN has been able to accomplish with funds already made available. It is important to note that, although funds started to flow in July, purchases made possible by this funding did not arrive in FDN hands until October 1984.

63754

Future Operations

Plans call for remaining resources on hand ($7,354,000) to be used as follows:

-- increasing the force to a total of 2,500 by mid-summer;

-- a major special operations attack against Sandino airport with the purpose of destroying the MI-24 helicopters and the Sandinista Air Force maintenance capability;

-- a major ground operation against the mines complex in the vicinity of Siuna, Bonanza, and La Rosita (Nicaragua) -- the purpose of the operation is to secure the principal lines of communication in and out of Puerto Cabezas; and

-- the opening of a southern front along the [redacted] border which will distract EPS units currently committed to the northern front.

It is apparent that the $7M remaining on hand will be insufficient to allow the resistance to advance beyond these limited objectives, unless there is a commitment for additional funds. The $14M, which the USG may be able to provide, will help to defray base camp, training, and support expenses but will not significantly affect combat operations until several months after Congressional approval due to lead-time requirements. Efforts [redacted] UNCLASSIFIED N 16333

must be made to obtain Congressional approval for the $14M supplemental to the program. If this effort fails, we should undertake a major Congressional push for next year in the $75-100M range -- that is, obtain Congressional approval for a program sufficiently robust to achieve a democratic outcome.

RECOMMENDATION

That you brief the President on the current situation and urge concerted action on immediate Congressional approval of a $14M CIA supplemental and $75-100M for next fiscal year.

Approve ✓ Disapprove ____

Attachments
  Tab A - Summary of Analysis of FDN Expenditures
    (From FDN Sources)
  Tab B - Summary of Combat Operations: Oct 1984 - Mar 1985

EXHIBIT FH-5B

UNCLASSIFIED ~~TOP SECRET~~

7631 #67

SYSTEM IV
NSC/ICS-400453

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 1, 1985

N 16331

~~TOP SECRET~~

SENSITIVE

ACTION

Partially Declassified/Released on 5 May 1987
under provisions of E.O. 12356
by J. Reger, National Security Council

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: FDN Military Operations

Attached at Tab A is a summary analysis of how the FDN has expended funds available to them since USG funding expired in May 1984. According to information they have given us, from July 1984 through February 1985, they spent $1M per month for a total of $8M. From February 22 to April 9, 1985, additional $16.5M has been received for a grand total of $24.5M. Of this, $17, 145,594 has been expended for arms, ammunition, combat operations, and support activities.

-- Most expenditures have been for purchases of arms, ammunition, and other ordnance items.

-- The $2.5M indicated for upkeep of base camps on the [redacted] borders include costs of approximately $350K per month (an expense which will increase as the number of recruits continues to grow) and $50K for the operation conducted in Managua against the ammunition depot at the EPS military headquarters.

-- The resistance has grown from 9,500 personnel in June 1984 to over 16,000 today.

-- An additional 6,000 fighters are undergoing a 3 week training period.

-- The relocation of base camps along [redacted] border has been ordered for mid to late April 1985 in order to disperse the target for a Sandinista attack.

-- The acquisition of two small transport aircraft at the reported cost of $186K will help ameliorate increased patrolling activity by the EPS along [redacted] border. This patrol activity has complicated trail-borne resupply for columns operating deep inside Nicaragua, thus necessitating aircraft resupply.

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Declassify: OADR

EXHIBIT
FH-5B

SENSITIVE

Summary of Operations to Date

The FDN has grown nearly twofold since the cut-off of USG funding. In this period, they have reoriented from conventional to guerrilla warfare tactics. Despite the lack of any internal staff organization (G-1, G-2, G-3, G-4) when the USG withdrew, the FDN has responded well to guidance on how to build a staff. Although there was a basic lack of familiarity with how to conduct guerrilla-type oprations, since July, all FDN commanders have been schooled in these techniques and all new recruits are now initiated in guerrilla warfare tactics before being committed to combat. In short, the FDN has well used the funds provided and has become an effective guerrilla army in less than a year. The listing of combat operations at Tab B ([redacted] is indicative of what the FDN has been able to accomplish with funds already made available. It is important to note that, although funds started to flow in July, purchases made possible by this funding did not arrive in FDN hands until October 1984.

Future Operations

Plans call for remaining resources on hand ($7,354,000) to be used as follows:

-- increasing the force to a total of 2,500 by mid-summer;

-- a major special operations attack against Sandino airport with the purpose of destroying the MI-24 helicopters and the Sandinista Air Force maintenance capability;

-- a major ground operation against the mines complex in the vicinity of Siuna, Bonanza, and La Rosita (Nicaragua) -- the purpose of the operation is to secure the principal lines of communication in and out of Puerto Cabezas; and

-- the opening of a southern front along the [redacted] border which will distract EPS units currently committed to the northern front.

It is apparent that the $7M remaining on hand will be insufficient to allow the resistance to advance beyond these limited objectives, unless there is a commitment for additional funds. The $14M, which the USG may be able to provide, will help to defray base camp, training, and support expenses but will not significantly affect combat operations until several months after Congressional approval due to lead-time requirements. Efforts must be made to obtain Congressional approval for the $14M supplemental to the program. If this effort fails, we should undertake a major Congressional push for next year in the $75-100M range -- that is, obtain Congressional approval for a program sufficiently robust to achieve a democratic outcome.

RECOMMENDATION

That you brief the President on the current situation and urge concerted action on immediate Congressional approval of a $14M CIA supplemental and $75-100M for next fiscal year.

Approve ✓ Disapprove ____

Attachments
- Tab A - Summary of Analysis of FDN Expenditures (From FDN Sources)
- Tab B - Summary of Combat Operations: Oct 1984 - Mar 1985

N 16334

TAB

A

[redacted]

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As of April 9, 1985

N 16335

FDN Expenditures and Outlays

July 1984 through February 1985

Quantity	Item	Cost
Independent Acquisition		
	G-3 rifles	
	Magazines	
	Rounds 7.62 x 51	
	Rounds 7.62 x 51	
	Hand grenades	
Airlift #1 - February 1985		
	81mm grenades	[redacted]
	60mm grenades	
	50 cal API	
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
Freight, Demurrage, Ins., etc.		
Airlift #2 - March 1985		
750,000	Rounds 7.62 x 39	$ 210,000
1,000	RPG-7 grenades	265,000
8,910	Hand grenades	84,645
60	60mm mortars	96,000
1.472 Kgs	C-4	47.104
	Fuses and detonators	
	G-3 rifles	
	G-3 magazines	
	Cleaning kits	
	60mm grenades	
	50 cal links	
Freight, Demurrage, Ins., etc.		
Sealift #1 - April Arrival		
[redacted]	RPG-7 rockets	
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Belts for 7.62 x 39	
	SA-7 launchers	
	SA-7 rockets	
	M-79 grenades	
Freight, Ins., and other exp		
	M-79 grenades	

Partially Declassified/Released on 5 May 1992
under provisions of E.O. 12356
by [illegible] Reger, National Security Council

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FDN Expenditures and Outlays
July 1984 through February 1985 (Cont'd...)

Quantity	Item	Cost
Sealift #2 - May Arrival		
	Rounds 7.62 x 39	
	Rounds 7.62 x 51	
	Rounds linked 7.62 x 51	
	Hand grenades	
	M-79 grenades	
	60mm grenades	
	81mm grenades	
	82mm grenades	
	RPG-7 rockets	
	Claymore mines	
	50 cal API	
	12.7 ammo	
	57mm recoiless rifles	
	57mm ammo	
	Anti-tank mines	
	G-3 rifles	
	G-3 cleaning kits	
	AK rifles	
	G-3 magazines	
	AK magazines	
	Swedish K magazines	
	HK-21 machine guns	
	RPG-7 launchers	
	M-79 launchers	
	9mm pistols	
	AK-39 links or belts	
	C-4	
	Fuses and detonators	
Deposit paid		
Estimated cost		
Miscellaneous Expenses Since July 1984		
	Uniforms	
[redacted]	Boots	
	Radio and comm equip	
	Air and ground transp	
	Military gear	
	Aid to southern front	
	Aid to Misuras	
	Food, family asst, upkeep of base camps, air force hospitals, etc.	
	Political activity - offices in various countries and cities, travel, p.r.	
	Acquisition two transp airplanes	

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[redacted]

N 16337

TAB

B

UNCLASSIFIED

N 16338

[redacted]

Pages N16338 – N16345
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[redacted]

[redacted]

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EXHIBIT FH-6

UNCLASSIFIED
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SECRET
~~N 10581~~
EYES ONLY

ROUTING

To	Name and Address	Date	Initials
1	Robert McFarlane		
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XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

NSC/ICS CONTROL NO. 400564

COPY NO. 3 OF 4

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EXHIBIT
FH-6

NSC INTELLIGENCE DOCUMENT

Warning Notice
Intelligence Sources and Methods Involved
NATIONAL SECURITY INFORMATION
Unauthorized Disclosure Subject to Criminal Sanctions

#166

[illegible] on 5/1/87
[illegible] E.O. 12356
[illegible] Security Council

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~~SECRET~~
SECRET
EYES ONLY

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MEMORANDUM

UNCLASSIFIED

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-400564

N 10582

May 31, 1985

SECRET

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: The Nicaraguan Resistance: Near-Term Outlook

Summary

During the month of May, the Nicaraguan Resistance recorded significant advances in their struggle against the Sandinistas. Despite the adversity caused by the [redacted] closure of [redacted] there are today more combatants actively in the field than at any time in the last 12 months. Militarily, there was heavy action throughout Nicaragua and on all three fronts: north, south, and Atlantic.

Politically, the resistance leadership has advanced to the point where they are prepared to form an umbrella alliance with clearly established democratic objectives and civilian control over the military forces. During meetings this week and last in Washington and San Jose, the Ladino leaders (Calero, Cruz, and Robelo) agreed to Indian/Creole representation at the leadership level and the Indians themselves took important steps toward unifying the MISURA (Steadman Fagoth) and MISURASATA (Brooklyn Rivera) factions. After nearly two months of careful coordination with Rivera, he agreed on Saturday to break-off his discussions with the Sandinistas and announced the end of the Indian/FSLN dialogue from Bogota.

Military Operations

For the first time in the war, the FDN succeeding in interdicting the Rama-Managua road, launched simultaneous operations in the Boaco area less than 60km from Managua and inflicted heavy losses on Sandinsita troops in the vicinity of Siuna-Bonanza. These operations were conducted in response to guidance that the resistance must cut Sandinista supply lines and reduce the effectiveness of the Sandinista forces on the northern frontier. A new operations base at [redacted] inside Nicaragua, is being established and the FDN have purchased a bulldozer for [redacted]

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Declassify: OADR

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N 10583

The [redacted] requirement to move the FDN's strategic command from [redacted] has now been met. Operations have resumed, albiet at reduced levels, from their new command post location--7km north of [redacted] Between May 12 and 22, over 2,000 troops reinfiltrated into Nicaragua. Approximately, 4,000 remain at [redacted] awaiting additional quartermaster equipment. Approximately 150-200 volunteers a week continue to arrive at these locations. If all continues on schedule, a $6.3M arms shipment will arrive Monday, June 3 for immediate distribution to the units awaiting weapons. Calero intends to launch a major offensive on June 2, the day after their ceasefire/dialogue expires. He has also ordered an additional $6M worth of weapons (including [redacted] AK-47's and [redacted] Belgian FAL rifles) which will allow the force to grow to 30,000.

The Miskito/Creole forces operating in the vicinity of Bluefields launched an attack against an EPS post guarding the access to the naval port. Their attack was confounded by one of Eden Pastora's units operating without coordination in the same area. During the two day engagement, it is reported that 25-30 Creole conscripts rebelled against their Sandinista officers and were executed. There are also reports that during the battle Sandinista airstrikes caused casualties among their own troops and their Cuban advisors. Efforts are underway to confirm this information and have it made available to the media.

[redacted]

Political Situation

Two weeks of intense dialogue with the resistance leadership has resulted in the preparation of a document on national democratic objectives and reconstruction. Calero, Cruz, Robelo, and their respective political directorates have concurred in the document and will publicly promulgate the declaration at a news conference tentatively scheduled to be held in San Salvador on June 10. The document establishes civilian primacy over a unified military organization, commits the unified resistance to a democratic process, promises a plebecite to elect a new government, and

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confirms their intention to invite an international peacekeeping force to supervise the disarmament of the military forces in Nicaragua once democracy has been achieved. Their statement also calls for a new constitution and the reconstruction of the country once the provisional government is installed.

A similar effort has been underway with both MISURA and MISURASATA in an effort to unify their two forces. [redacted] Brooklyn Rivera broke off his three month effort to achieve some degree of autonomy from the FSLN. In a series of meetings with Rivera and his representatives and subsequent meetings with Steadman Fagoth and his directorate, it was agreed that the Moravian Church would sponsor a mediation between the two groups starting on June 2, 1985. The Indians and Creoles have also been told that they will have a representative to the provisional government and Calero, Cruz, and Robelo have agreed. The letter at Tab B was provided during meetings with the Indians on Thursday. Although it contains dated information, it may be useful for you to provide it to the President.

In short, the political and military situation for the resistance now appears better than at any point in the last 12 months. Plans are underway to transition from current arrangements to a consultative capacity by the CIA for all political matters and intelligence, once Congressional approval is granted on lifting Section 8066 restrictions. The only portion of current activity which will be sustained as it has since last June, will be the delivery of lethal supplies.

RECOMMENDATION

That you brief the President on the above.

Approve _____ Disapprove _____

Attachments
  Tab A - Photograph [redacted]
  Tab B - Steadman Fagoth Muller ltr to the President of May 11, 1985

2 pages withdrawn
N 10585 - N10586
Denied in full
JDC 5/6/87

[redacted]

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[redacted]

[redacted]

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[illegible]
[illegible]
[illegible]

N 10587

May 11, 1985

Mr. Ronald Reagan,
President of the
United States of America
Washington, D.C.

Dear Mr. President:

On behalf of the Indian communities of the East Coast of Nicaragua, and in particular MISURA (United Miskito, Sumo, and Rama Nations), which is my honor to command, I would like to extend our appreciation for your continued interest in our struggle for liberty, and for the generous reference to us in your speech in Bonn, Germany. "I am the Miskito Indian of Nicaragua", was a most eloquent form of moral support of our sacrifice, expressing in positive terms our vital participation in the redeeming of our country which is today, subject to the wishes and decisions of Soviet Communism.

The Indian resistance to the communist regime of Nicaragua, has caused savage repression by the Sandinista Government, which from it's inception has forced the exodus of our people, lead by Bishop Salvador Shaffer, to the Honduran Miskitia, the unqualified and indiscriminate massacre of our people; the disapropriation and destruction of our property, and of the confinement of innocent people in subhuman condition in camps, reminicent of Nazi concentration camps.

Of 256 communities existing before 1979 with populations of approximately 175.000, there remain only 117. The others were destroyed by the FSLN, their inhabitants forced from the Atlantic Coast of Nicaragua, forced to abandon their natural habitat. 22,000 to Honduran Miskitia and 15, 000 resettled by the Sandinista government, like prisoners into areas supervised by government troops to "avoid" annexation of the East Coast to the Freedom Fighters, as you so aptly refer to those of us who fight for liberty against the traitors of the Nicaraguan Revolution.

In spite of the need for economic resources it has not been difficult for MISURA to present a different perspective from that of the organization known as MISURASATA (sandinista unit of Miskito Sumo and Rama Nations, lead by Mr. Brooklyn Rivera, and directed by the sandinistas in order to have the Miskitos put aside their patriotic insurrection. Obviously MIS[illegible]ATA and their traitorous campaign have full support of the Sandinista Government and of Democrat and liberal senators, unfortunatly it is also backed by [illegible] religious organization working in Nicaragua.

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REPUBLICA DE NICARAGUA
MISURA
[illegible]
[illegible]
[illegible]

N 10588

-2-

In the face of this unfair situation MISURA is confronted by a dangerous despair, a lack of strength in the fighting which brings grave circumstances. Of 3800 combatants who have been trained military during 1982 and 1983, only 1800 are actually fighting in Nicaragua. The rest of that 3800 are to be found in refugee camps or in out native villages, barefoot and whithout equipment, awaiting orders.

The scarcity of economic resources has produced an alarming demoralization within our ranks. Demoralization when men see their brothers-in-arms die from the lack of antibiotics. Demoralization when men see their brothers-in-arm die from lack of outboard motor needed to transport wounded and sick to a zone where they can receive medical attention. And finally, Mr. President, demoralization when a soldier must go into battle armed with only one magazine of bullets because of their scarcity. This demoralization is accentuated upon seeing our soldiers without clothing with which to cover themselves.

Since economic aid was suspended 14 months ago, MISURA has been funded as follows; as of September 1984 our ally the FDN (Nicaraguan Democrat Front) has provided our organization with $6,000.00 monthly, increasing to 12,000.00 in January, 1985. In December 1984 during an intense money raising campaign held in Miami, Flori $20,000.00 and 683 pairs of boots were collected. In February $10,000.00 plus 6 outboard motors were donated by the United States Council for World Freedom. These cons titue all of the founds we have had at our disposal.

The economic needs plus the false campaign run by the sandinistas and Brookl Rivera is putting visible [illegible] Miskitos to give up the struggle which wil only allow [illegible] to [illegible] on the Atlantic Coast of Nicaragua?

In [illegible] situation, in order [illegible] to give up our vision of liberty and [illegible] unnegligable sympathy for [illegible] fight, representing MISURA, I have [illegible] hesitated in coming to you to ask for economic support, means of transportation, medicine, etc. In other words a specific budget proportional to our role in this historic, patriotic fight. As you have said, "Liberty gives results, bu in order to succeed it is necessary to win it, so that it may serve as the foundation and destiny of our people and develope naturally for the security of our continent.

Mr. President, we are confident of your strong democratic characted which wi not allow you to abandon the fears fo my people, who want only to live with the peace that comes from justice and liberty, as Franklin D. Roosevelt said: It is a strength that withstands all attacks.

Sincerely,

Steadman Fagoth Muller
Military Leader of the Indian Movement "MISURA"

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[illegible]

N 10589

-3-

We the undersigned adhere ourselves with solidarity to the above text.

Wicliff Diego,
Political Coordinator.

Marjilio Ramos,
Cheif of the SUMOS

Teofilo Archibal,
Creole Cheif.

Alejo Teofilo
Alejo Teofilo,
Member Boad.

SFM;df

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EXHIBIT FH-6A

To	Name and Address	Date	Initials
1	Robert McFarlane		
2			
3			
4			
5			
6			

XX	ACTION		FILE
	APPROVAL		INFORMATION
	COMMENT		PREPARE REPLY
	CONCURRENCE		RECOMMENDATION
	DIRECT REPLY		RETURN
	DISPATCH		SIGNATURE

REMARKS:

cc: Oliver North (#2 and 3)
Jim Radzimski (#4)

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by D. Reger, National Security Council

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EXHIBIT
FH-6A

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5/3/87

MEMORANDUM

UNCLASSIFIED

NATIONAL SECURITY COUNCIL

SYSTEM IV
NSC/ICS-400564

May 31, 1985

N 41137

SECRET

ACTION

MEMORANDUM FOR ROBERT C. MCFARLANE

FROM: OLIVER L. NORTH

SUBJECT: The Nicaraguan Resistance: Near-Term Outlook

Summary

During the month of May, the Nicaraguan Resistance recorded significant advances in their struggle against the Sandinistas. Despite the adversity caused by the [redacted] closure of [redacted] there are today more combatants actively in the field than at any time in the last 12 months. Militarily, there was heavy action throughout Nicaragua and on all three fronts: north, south, and Atlantic.

Politically, the resistance leadership has advanced to the point where they are prepared to form an umbrella alliance with clearly established democratic objectives and civilian control over the military forces. During meetings this week and last in Washington and San Jose, the Ladino leders (Calero, Cruz, and Robelo) agreed to Indian/Creole representation at the leadership level and the Indians themselves took important steps toward unifying MISURA (Steadman Fagoth) and MISURASATA (Brooklyn Rivera) factions. After nearly two months of careful coordination with Rivera, he agreed on Saturday to break-off his discussions with the Sandinistas and announced the end of the Indian/FSLN dialogue with Bogota.

Military Operations

For the first time in the war, the FDN succeeding in interdicting the Rama-Managua road, launched simultaneous operations in the Boaco area less than 60km from Managua and inflicted heavy losses on Sandinista troops in the vicinty of Siuna-Bonanza. These operations were conducted in response to awareness that the resistance must cut Sandinista supply lines and reduce the effectiveness of the Sandinista forces on the northern frontier. A new operations base at [redacted] inside Nicaragua, is being established and the FDN have purchased a bulldozer for [redacted]

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The [redacted] requirement to move the FDN's strategic command from [redacted] has now been met. Operations have resumed, albiet at reduced levels, from their new command post location--7km north of Las Vegas. Between May 12 and 22, over 2,000 troops reinfiltrated into Nicaragua. Approximately, 4,000 remain at [redacted] awaiting additional quartermaster equipment. Approximately 150-200 volunteers a week continue to arrive at these locations. If all continues on schedule, a $6.3M arms shipment will arrive Monday, June 3 for immediate distribution to the units awaiting weapons. Calero intends to launch a major offensive on June 2, the day after their ceasefire/dialogue expires. He has also ordered an additional $6M worth of weapons (including [redacted] AK-47's and [redacted]elgian FAL rifles) which will allow the force to grow to -30,000.

The Miskito/Creole forces operating in the vicinity of Bluefields launched an attack against an EPS post guarding the access to the naval port. Their attack was confounded by one of Eden Pastora's units operating without coordination in the same area. During the two day engagement, it is reported that 25-30 Creole conscripts rebelled against their Sandinista officers and were executed. There are also reports that during the battle Sandinista airstrikes caused casualties among their own troops and their Cuban advisors. Efforts are underway to confirm this information and have it made available to the media.

[redacted]

Political Situation

Two weeks of intense dialogue with the resistance leadership has resulted in the preparation of a document on national democratic objectives and reconstruction. Calero, Cruz, Robelo, and their respective political directorates have concurred in the document and will publicly promulgate the declaration at a news conference tentatively scheduled to be held in San Salvador on June 10. The document establishes civilian primacy over a unified military organization, commits the unified resistance to a democratic process, promises a plebecite to elect a new government, and

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N 41139

confirms their intention to invite an international peacekeeping force to supervise the disarmament of the military forces in Nicaragua once democracy [redacted]hieved. Their statement also calls for a new constitution and the reconstruction of the country once the provisional government is installed.

A similar effort has been underway with both MISURA and MISURASATA in an effort to unify their two forces. [redacted] Brooklyn Rivera broke off his three month effort to achieve some degree of autonomy from the FSLN. In a series of meetings with Steadman Fagoth and his directorate, it was agreed that the Moravian Church would sponsor a mediation between the two groups starting on June 2, 1985. The Indians and Creoles have also been told that they will have a representative to the provisional government and Calero, Cruz, and Robelo have agreed. The letter at Tab B was provided during meetings with the Indians on Thursday. Although it contains dated information, it may be useful for you to provide it to the President.

In short, the political and military situation for the resistance now appears better than at any point in the last 12 months. Plans are underway to transition from ad hoc arrangements to a consultative capacity by the CIA for all political matters and intelligence, once Congres[redacted]roval is granted on lifting Section 8066 restrictions. [redacted]

RECOMMENDATION

That you brief the President on the above.

Approve _____ Disapprove _____

Attachments
Tab A - Photograph [redacted]
Tab B - Steadman Fagoth Muller ltr to the President of May 11, [redacted]

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2 pages withdrawn
N 41140 - N 41141
Denied in full
5/28/87

- MISURA -
Miskuo Sumo Rama Asla Takan
Wasah Mayangna Rama Bainakakah
Paupe Ramakitna Rama Umasih

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N 41142

May 11, 1985

Mr. Ronald Reagan,
President of the
United States of America
Washington, D.C.

Dear Mr. President:

On behalf of the Indian communities of the East Coast of Nicaragua, and in particular MISURA (United Miskito, Sumo, and Rama Nations), which is my honor to command, I would like to extend our appreciation for your continued interest in our struggle for liberty, and for the generous reference to us in your speech in Bonn, Germany. "I am the Miskito Indian of Nicaragua", was a most eloquent form of moral support of our sacrifice, expressing in positive terms our vital participation in the redeeming of our country which is today, subject to the wishes and decisions of Soviet Communism.

The Indian resistance to the communist regime of Nicaragua, has caused savage repression by the Sandinista Government, which from it's inception has forced the exodus of our people, lead by Bishop Salvador Shaffer, to the Honduran Miskitia, the unqualified and indiscriminate massacre of our people; the disappropriation and destruction of our property, and of the confinement of innocent people in subhuman condition in camps, reminicent of Nazi concentration camps.

Of 256 communities existing before 1979 with populations of approximately 175.000, there remain only 117. The others were destroyed by the FSLN, their inhabitants forced from the Atlantic Coast of Nicaragua, forced to abandon their natural habitat. 22,000 to Honduran Miskitia and 15, 000 resettled by the Sandinista government, like prisoners into areas supervised by government troops to "avoid" annexation of the East Coast to the Freedom Fighters, as you so aptly refer to those of us who fight for liberty against the traitors of the Nicaraguan Revolution.

In spite of the need for economic resources it has not been difficult for MISURA to present a different perspective from that of the organization known as MISURASATA (sandinista unit of Miskito Sumo and Rama Nations, lead by Mr. Brooklyn Rivera, and directed by the sandinistas in order to have the Miskitos put aside their patriotic insurrection. Obviously MISRASATA and their traitorous campaign have full support of the Sandinista Government and of Democrat and liberal senators, unfortunatly it is also backed by some suspect religious organization working in Nicaragua.

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Miskito Sumo Rama Asla Takanka
[illegible]
[illegible]

UNCLASSIFIED N 41143

-2-

In the face of this unfair situation MISURA is confronted by a dangerous despair, a lack of strength in the fighting which brings grave circumstances. Of 3800 combatants who have been trained military during 1982 and 1983, only 1800 are actually fighting in Nicaragua. The rest of that 3800 are to be found in refugee camps or in our native villages, barefoot and whithout equipment, awaiting orders.

The scarcity of economic resources has produced an alarming demoralization within our ranks. Demoralization when men see their brothers-in-arms die from the lack of antibiotics. Demoralization when men see their brothers-in-arm die from lack of outboard motor needed to transport wounded and sick to a zone where they can receive medical attention. And finally, Mr. President, demoralization when a soldier must go into battle armed with only one magazine of bullets because of their scarcity. This demoralization is accentuated upon seeing our soldiers without clothing with which to cover themselves.

Since economic aid was suspended 14 months ago, MISURA has been funded as follows; as of September 1984 our ally the FDN (Nicaraguan Democrat Front) has provided our organization with $6,000.00 monthly, increasing to 12,000.00 in January, 1985. In December 1984 during an intense money raising campaign held in Miami, Florida $20,000.00 and 683 pairs of boots were collected. In February $10,000.00 plus 6 outboard motors were donated by the United States Council for World Freedom. These constitue all of the founds we have had at our disposal.

The economic needs plus the false campaign run by the sandinistas and Brooklyn Rivera is putting visible pressure on many Miskitos to give up the struggle which will only allow communism to develope leisurely on the Atlantic Coast of Nicaragua.

. In the face of this dramatic situation, in order not to give up our vision of liberty and in light of your unnegligable sympathy for our fight, representing MISURA, I have not hesitated in coming to you to ask for economic support, means of transportation, medicine, etc. In other words a specific budget proportional to our role in this historic, patriotic fight. As you have said, "Liberty gives results, but in order to succeed it is necessary to win it, so that it may serve as the foundation and destiny of our people and develope naturally for the security of our continent.

Mr. President, we are confident of your strong democratic charected which will not allow you to abandon the fears fo my people, who want only to live with the peace that comes from justice and liberty, as Franklin D. Roosevelt said: It is a strength that withstands all attacks.

Sincerely,

Steadman Fagoth Muller
Military Leader of the Indian Movement "MISURA"

Miskito Sumo Rama Asla Takanka
[illegible]
[illegible]

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N 41144

-3-

We the undersigned adhere ourselves with solidarity to the above text.

Wicliff Diego,
Political Coordinator.

Marjilfo Ramos,
Cheif of the SUMOS

Teofilo Archibal,
Creole Cheif.

Alejo Teofilo,
Member Boad.

SFM;df

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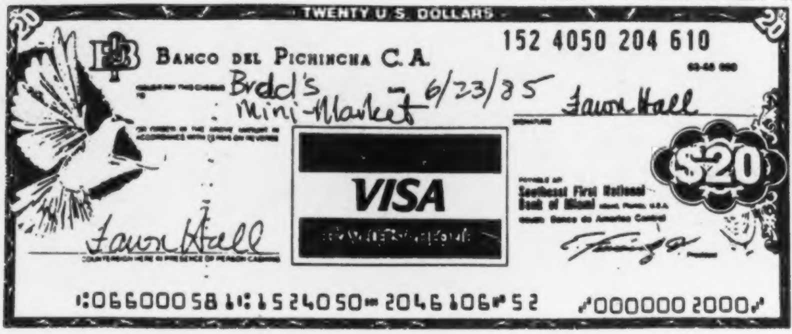
EXHIBIT FH-7



TWENTY U.S. DOLLARS

152 4050 204 610

BANCO DEL PICHINCHA C.A.

Budd's Mini-Market 6/23/85

Fawn Hall

VISA

Southeast First National Bank of Miami

Banco de America Central

Fawn Hall

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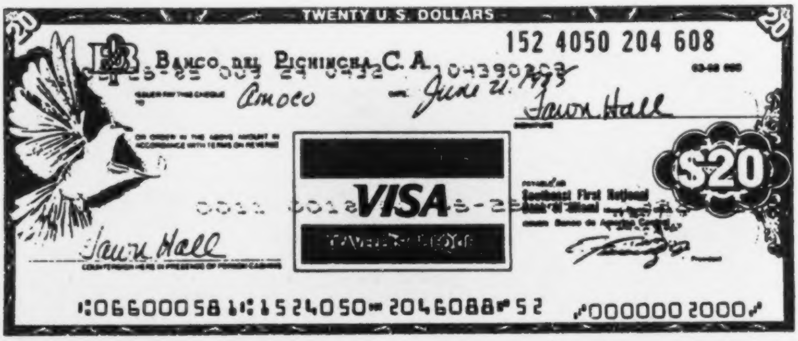

TWENTY U.S. DOLLARS

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BANCO DEL PICHINCHA C.A.

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VISA

Southeast First National Bank of Miami

Banco de America Central

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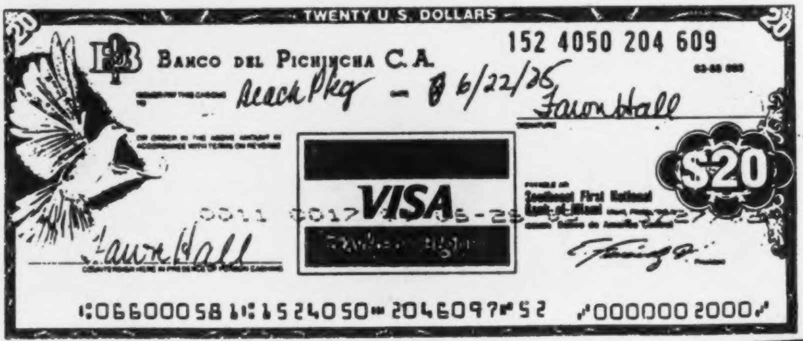

TWENTY U.S. DOLLARS

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BANCO DEL PICHINCHA C.A.

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Fawn Hall

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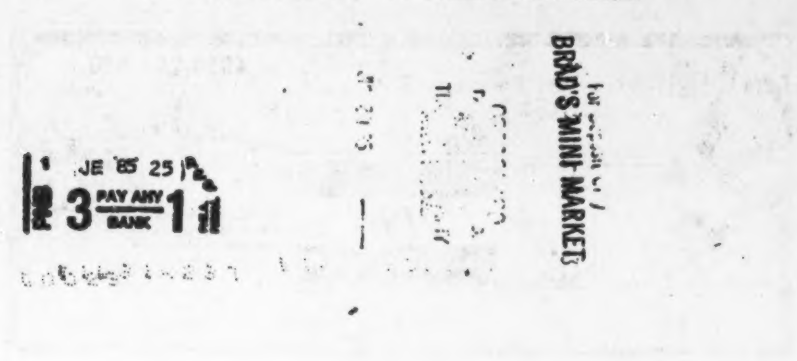
EXHIBIT
FH-7



For deposit only
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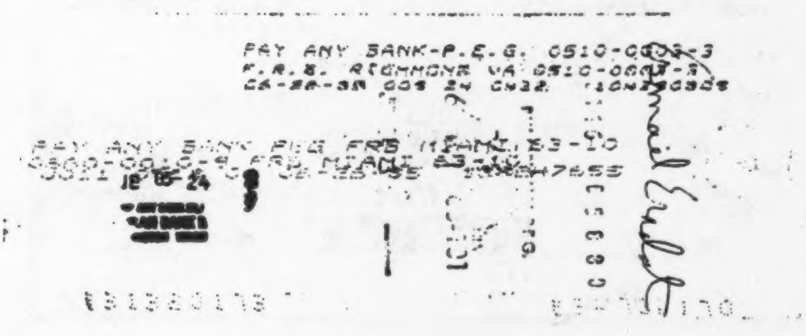

PAY ANY BANK-P.E.G. 0510-0003-3
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MEMPHIS, TENNESSEE
P.E.G. PAY ANY BANK

EXHIBIT FH-8

[illegible]

TOP SECRET UNCLASSIFIED **SENSITIVE**

RELEASE OF AMERICAN HOSTAGES IN BEIRUT N 590

Background. In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

- -- not object to the Israeli transfer of embargoed materiel to Iran;
- -- sell replacement items to Israel as replenishment for like items sold to Iran by Israel.

On September ~~14~~ 3, the Israeli Government, with the endorsement of the USG, transferred 508 basic TOW missiles to Iran. Forty-eight hours later, Reverend Benjamin Weir was released in Beirut.

Subsequent efforts by both governments to continue this process have met with frustration due to the need to communicate our intentions through an Iranian expatriate arms dealer in Europe. In January 1986, under the provisions of a new Covert Action Finding, the USG demanded a meeting with responsible Iranian government officials.

On February 20, a U.S. Government official met with [redacted] the first direct U.S.-Iranian contact in over five years. At this meeting, the U.S. side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need to establish a longer term relationship between our two countries based on more than arms transactions. It was emphasized that the hostage issue was a "hurdle" which must be crossed before this improved relationship could prosper. During the meeting, it also became apparent that our conditions/demands had not been accurately transmitted to the Iranian Government by the intermediary and it was agreed that:

- -- The USG would establish its good faith and bona fides by immediately providing 1,000 TOW missiles for sale to Iran. This transaction was covertly completed on February 21, using a private U.S. firm and the Israelis as intermediaries.
- -- A subsequent meeting would be held in Iran with senior U.S and Iranian officials during which the U.S. hostages would be released.
- -- Immediately after the hostages were safely in our hands, the U.S. would sell an additional 3,000 TOW missiles to Iran using the same procedures employed during the September 1985 transfer.

TOP SECRET UNCLASSIFIED **SENSITIVE**
Declassify: OADR

EXHIBIT
FH-8

281
12/14

TOP SECRET N 591

In early March, the Iranian expatriate intermediary demanded that Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provided.

From March 9 until March 30, there was no further effort undertaken on our behalf to contact the Iranian Government or the intermediary. On March 26, [redacted] made an unsolicited call to the phone-drop in Maryland which we had established for this purpose. [redacted] asked why we had not been in contact and urged that we proceed expeditiously since the situation in Beirut was deteriorating rapidly. He was informed by our Farsi-speaking interpreter that the conditions requiring additional materiel beyond the 3,000 TOWs were unacceptable and that we could in no case provide anything else prior to the release of our hostages. [redacted] observed that we were correct in our assessment of their inability to use PHOENIX and HARPOON missiles and that the most urgent requirement that Iran had was to place their current HAWK missile inventory in working condition. In a subsequent phone call, we agreed to discuss this matter with him and he indicated that he would prepa[redacted] their HAWK [redacted]ved on March 28, a[redacted]

Current Situation. On April 3, Ari Gorbanifahr, the Iranian intermediary, arrived in Washington, D.C. with instructions from [redacted] to consummate final arrangements for the return of the hostages. Gorbanifahr was reportedly enfranchised to negotiate the types, quantities, [redacted]l the U.S. would se[redacted]d nearly all night [redacted]ous calls to Tehran. [redacted] A Farsi-speaking CIA officer in attendance was able to verify the substance of his calls to Tehran during the meeting. Subject to Presidential approval, it was agreed to proceed as follows:

-- By Monday, April 7, the Iranian Government will transfer $17 million to an Israeli account in Switzerland. The Israelis will, in turn, transfer to a private U.S. corporation account in Switzerland the sum of $15 million.

UNCLASSIFIED

TOP SECRET

N 592

-- On Tuesday, April 8 (or as soon as the transactions are verified), the private U.S. corporation will [redacted] $3.651 million to a CIA account [redacted] will then [redacted] of [redacted] Army account in [redacted] U.S.

-- On Wednesday, April 9, the CIA will commence procuring $3.651 million worth of HAWK missile parts (240 separate line items) and transferring these parts to [redacted] This process is estimated to take seven working days.

-- [redacted] Friday, April 18, a private U.S. [redacted] (707B) will pick-up the HAWK missile parts at [redacted] and fly them to a covert Isr[redacted]repositioning (this field was used for the earlier [redacted] of the 1000 TOWs). At this field, the parts will be transferred to an Israeli Defense Forces' (IDF) aircraft with false markings. A SATCOM capability will be positioned at this location.

-- On Saturday, April 19, McFarlane, North, Teicher, Cave, [redacted] and a SATCOM communicator will board a CIA aircraft in Frankfurt, Germany, enroute to Tehran. [redacted]

-- On Sunday, April 20, the following series of events will occur:

  - [redacted] (A-hour) -- met by Rafsanjani, [redacted] the Iranian delegation.
  - At A+7 hours, the U.S. hostages will be released in Beirut.
  - At A+15 hours, the IDF aircraft with the HAWK missile parts aboard will land at Bandar Abbas, Iran.

Discussion. The following points are relevant to this transaction, the discussions in Iran, and the establishment of a broader relationship between the United States and Iran:

-- The Iranians have been told that our presence in Iran is a "holy commitment" on the part of the USG that we are sincere and can be trusted. There is great distrust of the U.S. among the various Iranian parties involved. Without our presence on the ground in Iran, they will not believe that we will fulfill our end of the bargain after the hostages are released.

-- [redacted] Gorbanifahr specifically mentioned that Qhadhaffi's efforts to "buy" the hostages could succeed in the near future. Further, the Iranians are well aware that the situation in Beirut is deteriorating rapidly and that the ability of the IRGC to effect the release of the hostages will become increasingly more difficult over time.

-- We have convinced the Iranians of a significant near term and long range threat from the Soviet Union. We have real and deceptive intelligence to demonstrate this threat during the visit. They have expressed considerable interest in this matter as part of the longer term relationship.

-- [redacted]

-- The Iranians have been told that their provision of assistance to Nicaragua is unacceptable to us and they have agreed to discuss this matter in Tehran.

-- We have further indicated to the Iranians that we wish to discuss steps leading to a cessation of hostilities between Iran and Iraq. [redacted]

-- The Iranians are well aware that their most immediate needs are for technical assistance in maintaining their air force and navy. We should expect that they will raise this issue during the discussions in Tehran. Further conversation with Gorbanifahr on April 4, indicates that they will want to raise the matter of the original 3,000 TOWs as a significant deterrent to a potential Soviet move against Iran. They have also suggested that, if agreement is reached to provide the TOWs, [redacted]

-- The Iranians have been told and agreed that they will receive neither blame nor credit for the seizure/release of the hostages. [redacted]

-- The residual funds from this transaction are allocated as follows:

  - $2 million will be used to purchase replacement TOWs for the original 508 sold by Israel to Iran for the release of Benjamin Weir. This is the only way that we have found to meet our commitment to replenish these stocks.

  - $12 million will be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces. This materiel is essential to cover shortages in resistance inventories resulting from their current offensives and Sandinista counter-attacks and to "bridge" the period between now and when Congressionally-approved lethal assistance (beyond the $25 million in "defensive" arms) can be delivered.

The ultimate objective in the trip to Tehran is to commence the process of improving U.S.-Iranian relations. Both sides are aware that the Iran-Iraq War is a major factor that must be discussed. We should not, however, view this meeting as a session which will result in immediate Iranian agreement to proceed with a settlement with Iraq. Rather, this meeting, the first high-level U.S.-Iranian contact in five years, should be seen as a chance to move in this direction. These discussions, as well as follow-on talks, should be governed by the Terms of [redacted] hopefully, the first of many meetings and that the hostage issue, once behind us, improves the opportunities for this relationship.

Finally, we should recognize that the Iranians will undoubtedly want to discuss additional arms and commercial transactions as "quids" for accommodating [redacted], Nicaragua, and Iraq. Our emphasis on the Soviet military and subversive threat, a useful mechanism in bringing them to agreement on the hostage issue, has also served to increase their desire for means to protect themselves against/deter the Soviets.

RECOMMENDATION

That the President approve the structure depicted above under "Current Situation" and the Terms of Reference at Tab A.

Approve _____ Disapprove _____

Attachment
    Tab A - U.S.-Iranian Terms of Reference

SECRET UNCLASSIFIED SENSITIVE

April 4, 1986

TERMS OF REFERENCE
U.S.-Iran Dialogue

I. BASIC PILLARS OF U.S. FOREIGN POLICY (Optional)

-- President Reagan came into office at a time when Iran had had a certain impact on the American political process -- perhaps not what you intended.

-- The President represented and embodied America's recovery from a period of weakness. He has rebuilt American military and economic strength.

-- Most important, he has restored American will and self-confidence. The U.S. is not afraid to use its power in defense of its interests. We are not intimidated by Soviet pressures, whether on arms control or Angola or Central America or Afghanistan.

-- At the same time, we are prepared to resolve political problems on the basis of reciprocity.

-- We see many international trends -- economic, technological, and political -- working in our favor.

II. U.S. POLICY TOWARD IRAN: BASIC PRINCIPLES

A. U.S. Assessment of Iranian Policy.

- We view the Iranian revolution as a fact. The U.S. is not trying to turn the clock back.

- Our present attitude to Iran is not a product of prejudice or emotion, but a clear-eyed assessment of Iran's present policies.

- Iran has used "revolutionary Islam" as a weapon to [redacted]

- Support of terrorism and hostage-taking is part of this strategic pattern. We see it used not only against us, but against our friends. We cannot accept either. Your influence in achieving the release of all hostages/ return of those killed (over time) is essential.

SECRET
Declassify: OADR UNCLASSIFIED SENSITIVE

- We see your activity in many parts of the world, including even Central America.

- The U.S. knows how Iran views the Soviet Union. But subversion of Western interests and friends objectively serves Soviet interests on a global scale.

- Thus, our assessment is that a decisive Iranian victory in the war with Iraq would only unleash greater regional instability, a further erosion of the Western position, and enhanced opportunities for Soviet trouble-making.

[redacted]

- The U.S. will therefore do what it can to prevent such a development. We regard the war as dangerous in many respects and would like to see an end to it.

B. Possible Intersections of U.S.-Iranian Interests.

- Despite fundamental conflicts, we perceive several possible intersections of U.S. and Iranian interests. I propose we explore these areas.

- First, the U.S. has had a traditional interest in seeing Iran preserve its territorial integrity and independence. This has not changed. The U.S. opposes Soviet [redacted] on [redacted]. [redacted]

- Second, we have no interest in an Iraqi victory over Iran. [redacted] We are seeking an end to this conflict and want to use an improved relationship with Iran to further that end.

- Third, we have parallel views on Afghanistan. Soviet policy there is naked aggression, a threat to all in the region. [redacted] But our objective is the same: the Soviets must get out and let the Afghan people choose their own course.

C. U.S. Objective Today.

- We have no illusions about what is possible in our bilateral relations. Perhaps this meeting will reveal only a limited, momentary, tactical coincidence of interests. Perhaps more. We are prepared either way.

- In essence, we are prepared to have whatever kind of relationship with Iran that Iran is prepared to have with us.

III. SOVIET MILITARY [redacted]

-- Moscow has designs on parts of Iran. [redacted]

-- Afghanistan illustrates the price the Soviets are ready to pay to expand areas under their direct control.

-- Summarize Soviet capabilities along border and inside Afghanistan which could threaten Tehran.

-- U.S. is aware of Soviet activity [redacted]

-- Soviet plans [redacted]

-- Iranian [redacted] abets Soviet [redacted] difficult ($100 million [redacted] last year, plus arms).

-- U.S. can help Iran cope with Soviet threat.

IV. AFGHANISTAN

-- May be real value for Iran and U.S. to find ways to cooperate against Moscow [redacted]

-- U.S. [redacted]

-- We need to know who you work with, what you already provide, and devise strategy to exploit Iranian comparative advantage.

V. HARDWARE

-- We may be prepared to resume a limited military supply relationship.

-- However, its [redacted] loom [redacted] picture.

-- What does Iran want?

[redacted]

EXHIBIT FH-8A

UNCLASSIFIED

~~TOP SECRET~~ **SENSITIVE**

RELEASE OF AMERICAN HOSTAGES IN BEIRUT

Background. In June 1985, private American and Israeli citizens commenced an operation to effect the release of the American hostages in Beirut in exchange for providing certain factions in Iran with U.S.-origin Israeli military materiel. By September, U.S. and Israeli Government officials became involved in this endeavor in order to ensure that the USG would:

30952

- -- not object to the Israeli transfer of embargoed materiel to Iran;
- -- sell replacement items to Israel as replenishment for like items sold to Iran by Israel.

On September 13, the Israeli Government, with the endorsement of the USG, transferred 508 basic TOW missiles to Iran. Forty-eight hours later, Reverend Benjamin Weir was released in Beirut.

Subsequent efforts by both governments to continue this process have met with frustration due to the need to communicate our intentions through an Iranian expatriate arms dealer in Europe. In January 1986, under the provisions of a new Covert Action Finding, the USG demanded a meeting with responsible Iranian government officials.

On February 20, a U.S. Government official met with [redacted] the first direct U.S.-Iranian contact in over five years. At this meeting, the U.S. side made an effort to refocus Iranian attention on the threat posed by the Soviet Union and the need to establish a longer term relationship between our two countries based on more than arms transactions. It was emphasized that the hostage issue was a "hurdle" which must be crossed before this improved relationship could prosper. During the meeting, it also became apparent that our conditions/demands had not been accurately transmitted to the Iranian Government by the intermediary and it was agreed that:

- -- The USG would establish its good faith and bona fides by immediately providing 1,000 TOW missiles for sale to Iran. This transaction was covertly completed on February 21, using a private U.S. firm and the Israelis as intermediaries.
- -- A subsequent meeting would be held in Iran with senior U.S and Iranian officials during which the U.S. hostages would be released.
- -- Immediately after the hostages were safely in our hands, the U.S. would sell an additional 3,000 TOW missiles to Iran using the same procedures employed during the September 1985 transfer.

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~~TOP SECRET~~ **SENSITIVE**
Declassify: OADR

[illegible]

EXHIBIT
FH-8A

/Released on 5 June 19
sions of E.O. 12356
ational Security Council

In early March, the Iranian expatriate intermediary demanded that Iranian conditions for release of the hostages now included the prior sale of 200 PHOENIX missiles and an unspecified number of HARPOON missiles, in addition to the 3,000 TOWs which would be delivered after the hostages were released. A subsequent meeting was held with the intermediary in Paris on March 8, wherein it was explained that the requirement for prior deliveries violated the understandings reached in Frankfurt on February 20, and were therefore unacceptable. It was further noted that the Iranian aircraft and ship launchers for these missiles were in such disrepair that the missiles could not be launched even if provided.

[redacted]

From March 9 until March 30, there was no further effort undertaken on our behalf to contact the Iranian Government or the intermediary. On March 26, [redacted] made an unsolicited call to the phone-drop in Maryland which we had established for this purpose. [redacted] asked why we had not been in contact and urged that we proceed expeditiously since the situation in Beirut was deteriorating rapidly. He was informed by our Farsi-speaking interpreter that the conditions requiring additional materiel beyond the 3,000 TOWs were unacceptable and that we could in no case provide anything else prior to the release of our hostages. [redacted] observed that we were correct in our assessment of their inability to use PHOENIX and HARPOON missiles and that the most urgent requirement that Iran had was to place their current HAWK missile inventory in working condition. In a subsequent phone call, we agreed to discuss this matter with him and he indicated that he would prepare an inventory of parts required to make their HAWK systems operational. This parts list was received on March 28, and verified by CIA.

Current Situation. On April 3, Ari Gorbanifahr, the Iranian intermediary, arrived in Washington, D.C. with instructions from [redacted] to consummate final arrangements for the return of the hostages. Gorbanifahr was reportedly enfranchised to negotiate the types, quantities, and delivery procedures for materiel the U.S. would sell to Iran through Israel. The meeting lasted nearly all night on April 3-4, and involved numerous calls to Tehran. [redacted] A Farsi-speaking CIA officer in attendance was able to verify the substance of his calls to Tehran during the meeting. Subject to Presidential approval, it was agreed to proceed as follows:

-- By Monday, April 7, the Iranian Government will transfer $17 million to an Israeli account in Switzerland. The Israelis will, in turn, transfer to a private U.S. corporation account in Switzerland the sum of $15 million.

-- On Tuesday, April 8 (or as soon as the transactions are verified), the private U.S. corporation will transfer $3.651 million to a CIA account in Switzerland. CIA will then transfer this sum to a covert Department of the Army account in the U.S.

-- On Wednesday, April 9, the CIA will commence procuring $3.651 million worth of HAWK missile parts (240 separate line items) and transferring these parts to [redacted] This process is estimated to take seven working days.

[redacted] -- On Friday, April 18, a private U.S. aircraft (707B) will pick-up the HAWK missile parts at MWD and fly them to a covert Israeli airfield for prepositioning (this field was used for the earlier delivery of the 1000 TOWs). At this field, the parts will be transferred to an Israeli Defense Forces' (IDF) aircraft with false markings. A SATCOM capability will be positioned at this location.

-- On Saturday, April 19, McFarlane, North, Teicher, Cave, [redacted] and a SATCOM communicator will board a CIA aircraft in Frankfurt, Germany, enroute to Tehran. [redacted]

-- On Sunday, April 20, the following series of events will occur:

- U.S. party arrives Tehran (A-hour) -- met by Rafsanjani, as head of the Iranian delegation.

- At A+7 hours, the U.S. hostages will be released in Beirut.

- At A+15 hours, the IDF aircraft with the HAWK missile parts aboard will land at Bandar Abbas, Iran.

Discussion. The following points are relevant to this transaction, the discussions in Iran, and the establishment of a broader relationship between the United States and Iran:

-- The Iranians have been told that our presence in Iran is a "holy commitment" on the part of the USG that we are sincere and can be trusted. There is great distrust of the U.S. among the various Iranian parties involved. Without our presence on the ground in Iran, they will not believe that we will fulfill our end of the bargain after the hostages are released.

UNCLASSIFIED

~~TOP SECRET~~ SENSITIVE

N 30955

-- [redacted] Gorbanifahr specifically mentioned that Qhadhaffi's efforts to "buy" the hostages could succeed in the near future. Further, the Iranians are well aware that the situation in Beirut is deteriorating rapidly and that the ability of the IRGC to effect the release of the hostages will become increasingly more difficult over time.

-- We have convinced the Iranians of a significant near term and long range threat from the Soviet Union. We have real and deceptive intelligence to demonstrate this threat during the visit. They have expressed considerable interest in this matter as part of the longer term relationship.

-- [redacted]

-- The Iranians have been told that their provision of assistance to Nicaragua is unacceptable to us and they have agreed to discuss this matter in Tehran.

-- We have further indicated to the Iranians that we wish to discuss steps leading to a cessation of hostilities between Iran and Iraq. [redacted]

-- The Iranians are well aware that their most immediate needs are for technical assistance in maintaining their air force and navy. We should expect that they will raise this issue during the discussions in Tehran. Further conversation with Gorbanifahr on April 4, indicates that they will want to raise the matter of the original 3,000 TOWs as a significant deterrent to a potential Soviet move against Iran. They have also suggested that, if agreement is reached to provide the TOWs [redacted]

-- The Iranians have been told and agreed that they will receive neither blame nor credit for the seizure/release of the hostages.

UNCLASSIFIED

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  - $2 million will be used to purchase replacement TOWs for the original 508 sold by Israel to Iran for the release of Benjamin Weir. This is the only way that we have found to meet our commitment to replenish these stocks.

  - $12 million will be used to purchase critically needed supplies for the Nicaraguan Democratic Resistance Forces. This materiel is essential to cover shortages in resistance inventories resulting from their current offensives and Sandinista counter-attacks and to "bridge" the period between now and when Congressionally-approved lethal assistance (beyond the $25 million in "defensive" arms) can be delivered.

The ultimate objective in the trip to Tehran is to commence the process of improving U.S.-Iranian relations. Both sides are aware that the Iran-Iraq War is a major factor that must be discussed. We should not, however, view this meeting as a session which will result in immediate Iranian agreement to proceed with a settlement with Iraq. Rather, this meeting, the first high-level U.S.-Iranian contact in five years, should be seen as a chance to move in this direction. These discussions, as well as follow-on talks, should be governed by the Terms of Reference (TOR) (Tab A) with the recognition that this is, hopefully, the first of many meetings and that the hostage issue, once behind us, improves the opportunities for this relationship.

Finally, we should recognize that the Iranians will undoubtedly want to discuss additional arms and commercial transactions as "quids" for accommodating [redacted] Nicaragua, and Iraq. Our emphasis on the Soviet military and subversive threat, a useful mechanism in bringing them to agreement on the hostage issue, has also served to increase their desire for means to protect themselves against/deter the Soviets.

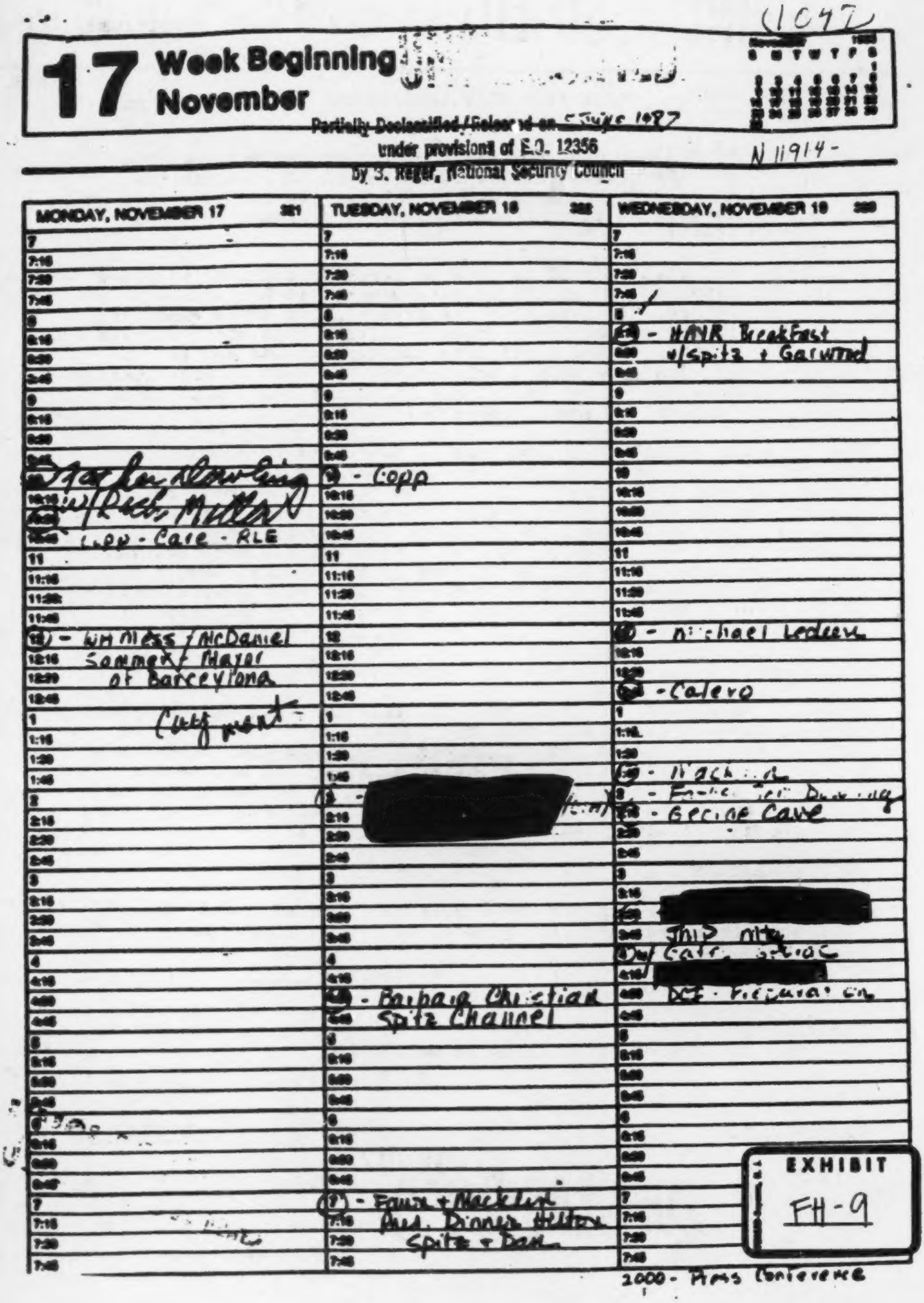
RECOMMENDATION

That the President approve the structure depicted above under "Current Situation" and the Terms of Reference at Tab A.

Approve _____ Disapprove _____

Attachment
Tab A - U.S.-Iranian Terms of Reference

EXHIBIT FH-9



(1047)

17 Week Beginning November

Partially Declassified/Released on 5 June 1987
under provisions of E.O. 12356
by S. Reger, National Security Council

N 11914-

MONDAY, NOVEMBER 17 321	TUESDAY, NOVEMBER 18 322	WEDNESDAY, NOVEMBER 19 323
7	7	7
7:15	7:15	7:15
7:30	7:30	7:30
7:45	7:45	7:45 /
8	8	8 /
8:15	8:15	(8:15) - HAVR Breakfast
8:30	8:30	8:30 w/Spitz + Garwood
8:45	8:45	8:45
9	9	9
9:15	9:15	9:15
9:30	9:30	9:30
9:45	9:45	9:45
(10) [illegible] Dowling	(10) - Copp	10
10:15 w/ Rich Miller	10:15	10:15
(10:30)	10:30	10:30
10:45 Copp - Cave - RLE	10:45	10:45
11	11	11
11:15	11:15	11:15
11:30	11:30	11:30
11:45	11:45	11:45
(12) - WH Mass / McDaniel	12	(12) - Michael Ledeen
12:15 Sommer / Mayor	12:15	12:15
12:30 of Barcelona	12:30	12:30
12:45	12:45	(12:45) - Calero
1 Cutz went	1	1
1:15	1:15	1:15
1:30	1:30	1:30
1:45	1:45	(1:45) - [illegible]
2	(2) - [redacted] [illegible])	2 - [illegible] Dowling
2:15	2:15	(2:15) - George Cave
2:30	2:30	2:30
2:45	2:45	2:45
3	3	3
3:15	3:15	3:15 [redacted]
3:30	3:30	3:30
3:45	3:45	3:45 JMIP mtg
4	4	(4) w/ Cave, [illegible]
4:15	4:15	4:15 [redacted]
4:30	(4:30) - Barbara Christian	4:30 DCI - [illegible]
4:45	4:45 Spitz Channel	4:45
5	5	5
5:15	5:15	5:15
5:30	5:30	5:30
5:45	5:45	5:45
(6) [illegible]	6	6
6:15	6:15	6:15
6:30	6:30	6:30
6:45	6:45	6:45
7	(7) - Fawn + Macklin	7
7:15 [illegible]	7:15 Pres. Dinner Hilton	7:15
7:30	7:30 Spitz + Dan	7:30
7:45	7:45	7:45

2000 - Press Conference

EXHIBIT
FH-9

December						1986
S	M	T	W	T	F	S
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7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

UNCLASS

Week Ending November 23

N11915

THURSDAY, NOVEMBER 20 324	FRIDAY, NOVEMBER 21 325	SATURDAY, NOVEMBER 22 326
7	7	7
7:15	7:15	7:15
7:30 - WHSR CDSM	7:30 NC ODSM	7:30
7:45	7:45 JMP WHSR HPSCI	7:45
8	8	8
8:15	8:15	8:15
8:30	8:30	8:30
8:45	8:45	8:45
9	9 - JMP - WHSR SSCI	9
9:15	9:15 DCI Hearing	9:15
9:30	9:30	9:30
9:45	9:45	9:45
10 - Walt Raymond	10	10
10:15 WHSR	10:15	10:15
10:30	10:30	10:30
10:45	10:45	10:45
11	11 - DCI Hearing	11
11:15	11:15	11:15
11:30	11:30 RCM - Ledeen - OLN	11:30
11:45	11:45	11:45
12	12	12
12:15	12:15	12:15
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12:45	12:45	12:45
1	1	1
1:15	1:15	1:15
1:30 - JMP - DEF - Cave	1:30 - JMP	1:30
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2	2	2
2:15	2:15	2:15
2:30	2:30 [redacted]	2:30
2:45	2:45	2:45
3 - CSG - TIWG Rm 362	3 - H.B. Day - Stark	3
3:15 Bremer - Armitage	3:15	3:15
3:30 Moellering - Revell	3:30 - Michael Ledeen	3:30
3:45	3:45	3:45
4 - RIG Rm 6909	4 - Steve Cheek	4
4:15	4:15 NEOB Suite 2020/10	4:15
4:30	4:30 Farewell Party	4:30
4:45	4:45 Rich Miller	4:45
5	5	SUNDAY, NOVEMBER 23 327
5:15	5:15	
5:30 - Rich Miller	5:30 - Tom Greene	
5:45	5:45	
6 - Buchanan	6	
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24 **Week Beginning November**

November						1986
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

N 11916

	MONDAY, NOVEMBER 24 328	TUESDAY, NOVEMBER 25 329	WEDNESDAY, NOVEMBER 26 330
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10	(10) - McClintock (his place)	(10) - IG/T Mtg Rm 2236	~~(10) - Iran - White - Keel~~
10:15	841 · 7337		~~McDaniel - Armacost~~
10:30			~~Raphel - Armitage~~
10:45			~~Muellering - Gates~~
11			~~Cave - Reps - OLN~~
11:15			
11:30			
11:45			
12		(12) - RR Announcement	
12:15		re JMP + OLN	
12:30			
12:45		~~Maison Blanche~~	
1	(1) - IG/N Rm 302 Abrams	~~(1) - Lunch w/David Halevy~~	
1:15	Walker - [redacted]	~~- Lunch w/Katie WH~~	
1:30	Muellering - Armitage		
1:45	RFB - VP · OLN - Sanchez		
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3:45		(3:45) - House Warning Rm 300	
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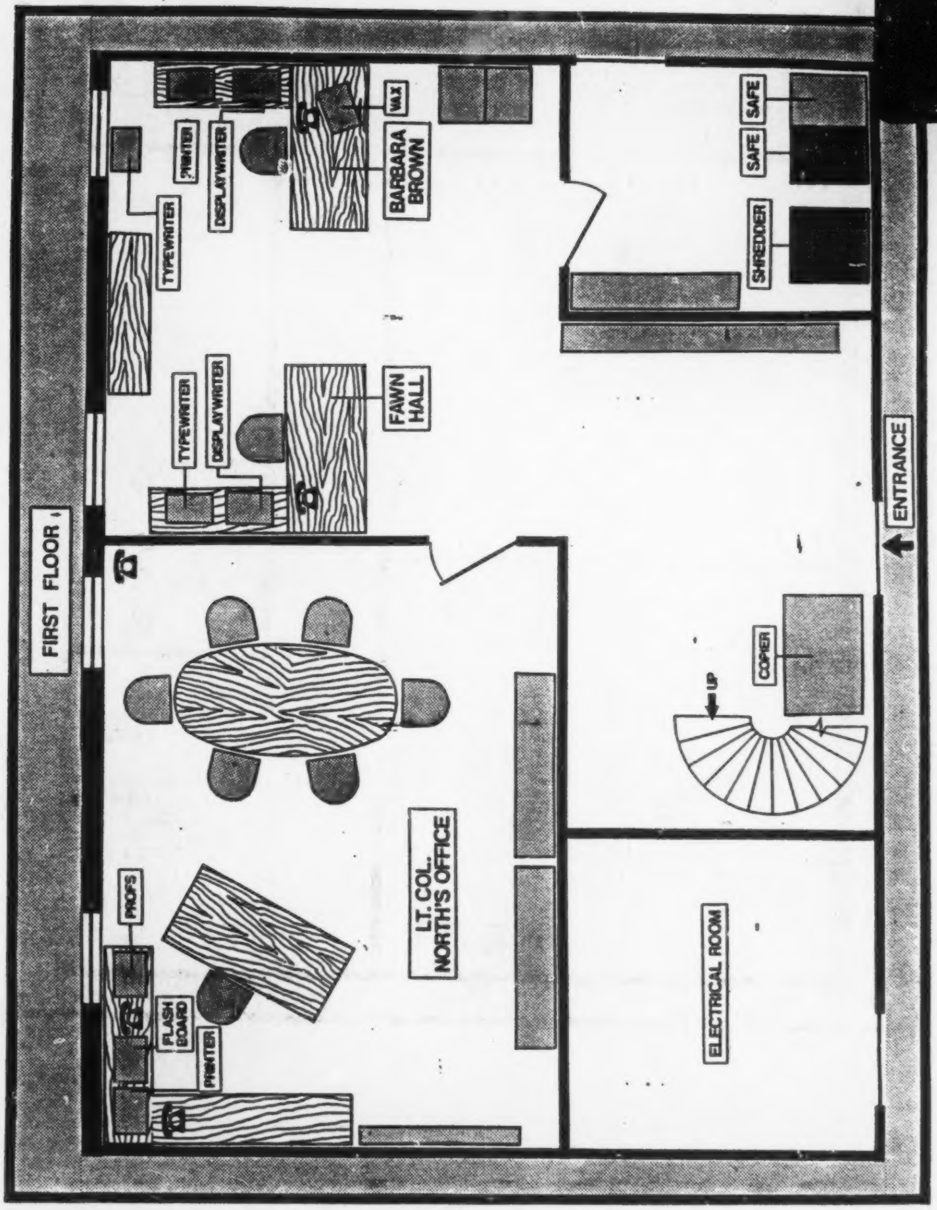
EXHIBIT FH-10


FIRST FLOOR
TYPEWRITER
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BARBARA BROWN
SAFE
SAFE
SHREDDER
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COPIER
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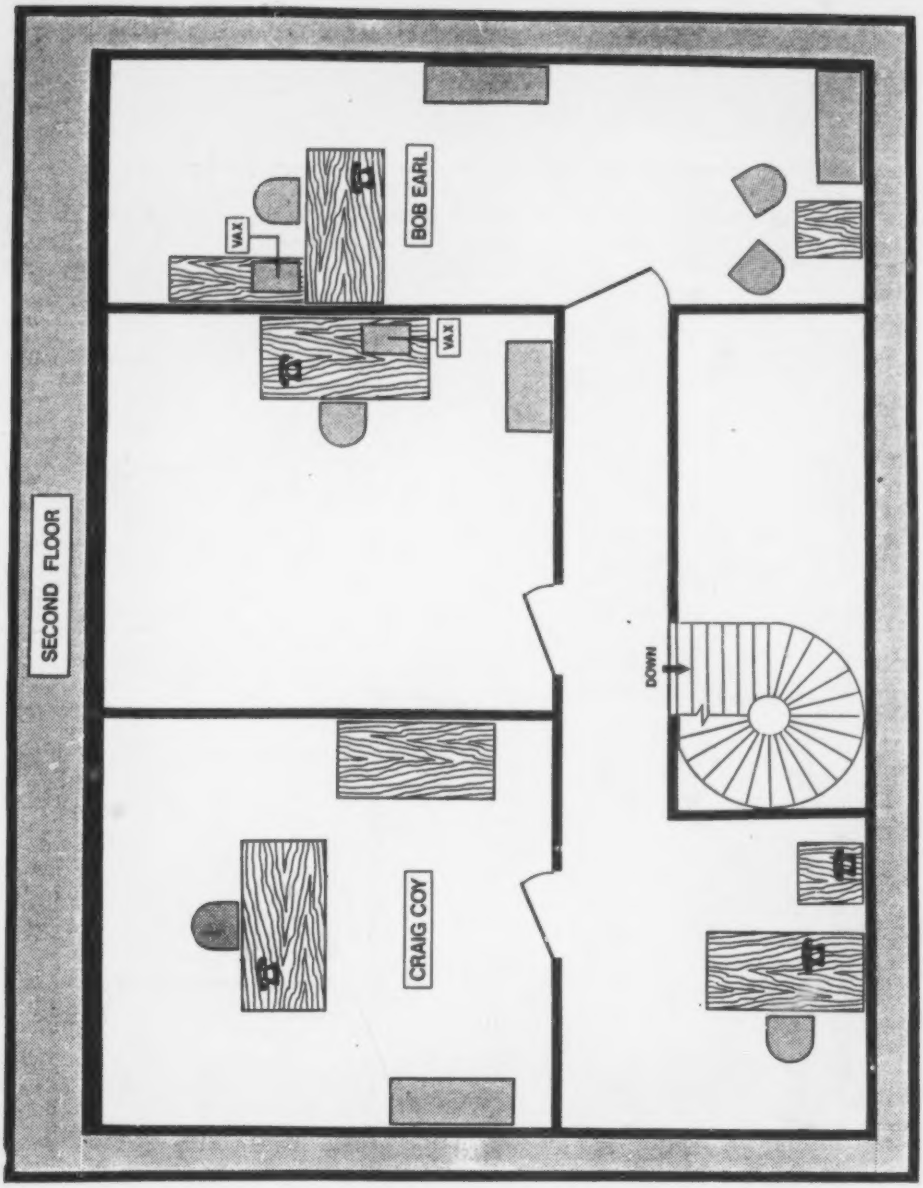
LT. COL. NORTH'S OFFICE
PROFS
FLASH BOARD
PRINTER
ELECTRICAL ROOM


SECOND FLOOR
BOB EARL
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CRAIG COY

APPENDIX B: OTHER DOCUMENTS AND MATERIALS INTRODUCED AT THE HEARINGS

LAY IN

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

SENATE SELECT COMMITTEE ON SECRET
MILITARY ASSISTANCE TO IRAN AND
THE NICARAGUAN OPPOSITION

The United States Senate
Washington, D.C. 20510,

Applicant.

Misc. No. 87-0082

FILED
MAR 23 1987
CLERK, U.S. DISTRICT COURT,
DISTRICT OF COLUMBIA

ORDER

Upon consideration of the application by the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, upon determining that the procedural requirements of 18 U.S.C. § 6005(b) have been satisfied, and upon consideration of the application of Independent Counsel Lawrence E. Walsh, under 18 U.S.C. § 6005(c), to defer this order until April 10, 1987, a period not longer than twenty days from the date of the Select Committee's request for the order, it is, this 23 day of March, 1987,

ORDERED That Albert Hakim may not refuse to testify, and provide other information, at proceedings of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, on the basis of his privilege against self-incrimination, and it is

FURTHER ORDERED That no testimony or other information compelled under this Order (or any information directly or indirectly derived from such testimony or other information) may be used against Albert Hakim in any criminal case, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with this Order, and it is

FURTHER ORDERED That this Order shall become effective on April 10, 1987.

Aubrey E. Robinson, Jr.
United States District Judge

United States District Court
for the District of Columbia
A True Copy
JAMES F. DAVEY, Clerk
By Mary B Deavers
Deputy Clerk

LAYIN

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

HOUSE SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN

U.S. House of Representatives
Washington, D.C. 20515

Applicant.

Misc. No. 87-0083

FILED
MAR 23 1987
CLERK, U.S. DISTRICT COURT
DISTRICT OF COLUMBIA

ORDER

On consideration of the application by the House Select Committee to Investigate Covert Arms Transactions with Iran and the memorandum of points and authorities, and exhibits, in support thereof, the Court finds that the procedural requisites set forth in 18 U.S.C. § 6005 for an order of the Court have been satisfied. Accordingly, it is

ORDERED that Albert I. Hakim may not refuse to provide any evidence in proceedings before the House Select Committee to Investigate Covert Arms Transactions with Iran on the basis of his privilege against self-incrimination, and it is

FURTHER ORDERED that no evidence obtained under this Order (or any information directly or indirectly derived from such evidence) may be used against Albert I. Hakim in any criminal case, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with this Order.

United States District Court
for the District of Columbia
A TRUE COPY
JAMES F. DAVEY, CLERK.
By
Deputy Clerk

75 542 ⑫

FURTHER ORDERED That this Order shall become effective on April ~~12~~ 10, 1987.

Aubrey E. Robinson Jr.
United States District Judge

Dated: March 23, 1987

Hamilton 6/13

Abrams Admits Misleading Congress

State Dept. Official Says North Deceived Him on Secret Contra Aid

BY JAMES K.W. ATHERTON—THE WASHINGTON POST

Elliott Abrams, administration "point man" on Latin policy, swears to tell truth.

By Dan Morgan and Walter Pincus
Washington Post Staff Writers

Assistant Secretary of State Elliott Abrams, the administration's controversial "point man" on Nicaragua since 1985, admitted yesterday that he had misled Congress on several occasions, but asserted that he had been repeatedly deceived by former White House aide Oliver L. North and other officials about their secret support of the contras during a ban on U.S. military aid.

Abrams, who had given Congress categorical assurances that there was no improper U.S. government involvement in the contras' war in Nicaragua, yesterday gave the House and Senate investigative panels an account that was often at odds with testimony from previous witnesses in what is now the fifth week of the Iran-contra hearings.

For example, Abrams disputed sworn testimony from former U.S. ambassador to Costa Rica Lewis A. Tambs, retired Army major general John K. Singlaub, and the contents of a memo addressed to him by his own deputy, Richard H. Melton. He also dismissed as "puffery" an Aug. 26, 1986, memo from Carl R. (Spitz) Channell, in which the Washington fund-raiser credited Abrams with helping in a 25-state educational and lobbying campaign to rally support for the Reagan administration's Nicaraguan policy.

Time and again Abrams demonstrated that he had—as Senate counsel Mark A. Belnick put it—a "way with words." He agreed with Belnick's assertion that his approach to testimony before congressional panels in the past meant that "unless the senators asked ex-

See ABRAMS, A13, Col. 1

Poll Indicates Strong Support For Military Presence in Gulf

By David S. Broder
Washington Post Staff Writer

The American public strongly endorses President Reagan's decision to keep a military presence in the Persian Gulf and supports the use of force to ensure an adequate supply of Middle Eastern oil, a Washington Post-ABC News poll indicates.

The five-day survey of 1,509 adults, completed Monday, shows a much closer division on Reagan's plan—not yet implemented—to provide U.S. flag status and U.S. military escorts for Kuwaiti tankers. There is significant public apprehension that the United States may have trouble coping with the military risks in the region.

The poll shows a spotty scorecard on the president's leadership—with large and growing doubts about his candor in the Iran-contra affair, continued opposition to his policy in Nicaragua but sharply higher approval of his handling of relations with the Soviet Union.

Overall, Reagan gained a 52 to 47 percent approval measure—well below his ratings before the Iran-contra affair was exposed last November but breaking into positive ground for the first time since January. However, his credibility on all the Iran-contra questions continues to erode as the televised congressional hearings unfold. Two-thirds of those questioned said they think Reagan will continue to have seri-

See POLL, A15, Col. 2

■ *House, Senate votes reflect concern over U.S. role in gulf.* *Page A15*

Public Strongly Supports Military Presence in Gulf

POLL, From A1

ous problems because of that controversy.

The poll also measured a sharp erosion of trust in Vice President Bush's account of the affair, with only 32 percent saying they believe he has been telling the truth—down 13 points from a similar question in January.

The first Post-ABC News poll since the frigate USS Stark was struck by Iraqi missiles, with 37 sailors killed, showed no inclination by the public to pull back from the Persian Gulf.

Fully 75 percent of those interviewed said they agree with Reagan that the United States "should maintain a military presence in the Persian Gulf to protect our interests in the region." By 57 to 39 percent, they expressed support for the statement that the United States "should take all steps, including the use of force if necessary, to ensure an adequate supply of oil from the Middle East."

A similar question split the American public 45 to 44 percent in October 1981, and there were suggestions of hedging in some other findings in the new poll. The Reagan plan to put U.S. flags on some Kuwaiti oil tankers and provide them Navy escorts—a proposal being questioned by many members of Congress—was endorsed by a shaky 53 to 44 percent measure.

A 49 percent plurality said they thought other Navy ships faced a serious danger of attacks in the gulf, while only 46 percent expressed a great deal of confidence that such ships could defend themselves from attack.

Virtually all those surveyed—98 percent—said they had heard about the Stark attack. Richard Wirthlin, who polls for the White House, noted that "Americans almost always rally around the president when our military forces are under attack, and that has been particularly true of this president." But Reagan gained only a 49 to 41 percent approval rating for his handling of the Stark incident, and overall approval of his handling of foreign affairs was at 39 percent, up only slightly from his all-time low of 33 percent in January.

Wirthlin said he was "a little surprised," therefore, that such a high percentage of those interviewed supported the U.S. military presence in the gulf. Past polls by other organizations, he noted, have sometimes shown less support for specific actions involving military risk than for broad foreign policy principles.

Reports of brightening prospects for a U.S.-Soviet arms agreement have brought the president strikingly strong ratings in that area of policy. The 62 percent approval of his handling of relations with the Soviet Union is 23 points above his overall foreign policy rating. A 67 percent majority said they think Reagan seriously wants to make progress in arms control and 51 percent have the same view about Soviet leader Mikhail Gorbachev.

This survey—the first by The Post and ABC News since the start of the televised congressional hearings on the Iran-contra affair—strongly suggests that this issue is a continuing problem for Reagan as well as a growing headache for Bush.

The percentage of those surveyed saying Reagan has told the truth about the Iran situation fell to 29 percent—the lowest figure yet recorded. Only 34 percent said Reagan is doing as much as he can to bring out the facts—another low point. And just 24 percent said they believed that Reagan had learned about the diversion of money to aid the contras only last November, as he has maintained, while 73 percent said they think he knew about it earlier. For the first time, a narrow majority—51 to 47 percent—said they think Reagan participated in an organized attempt to cover up the facts about the Iran-contra affair.

Less than half of those surveyed—46 percent—said they were following the congressional hearings very or somewhat closely. By 50 to 36 percent, they said the hearings have not tended to back up Reagan's statements about the affair, and they split evenly on the question of whether Reagan had broken the law on Iran or the contra funding.

Actions by administration officials in soliciting funds for the contras from other countries and from private citizens were disapproved of by overwhelming margins, with few people saying they thought the officials had the legal right to do what they did. About 42 percent said they thought the Iran-contra affair was more serious than Watergate while 44 percent disagreed.

There was further bad news for the president on his fundamental policy toward Nicaragua. By 67 to 29 percent, those polled opposed further aid to the contras, and a higher percentage said the United States should not be involved in trying to overthrow Nicaragua's Sandinista government.

Staff polling analyst Kenneth E. John contributed to this report.

Rail Worke

Deposition of Harold G. Cohen

UNITED STATES SENATE, Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

- - -

Oral deposition of HAROLD G. COHEN taken at Three Greenway Centre, Suite 305, Route 73, Marlton, New Jersey, on Monday, June 1, 1987, at 10:00 o'clock, a.m., before Harold Schulman, a Registered Professional Reporter and Notary Public, pursuant to notice.

- - -

APPEARANCES:

CHARLES KERR, ESQUIRE
Associate Counsel
United States Senate
Select Committee on Secret Military
Assistance to Iran and the Nicaraguan
Opposition.
901 Hart Senate Office Building
Washington, D.C. 20510

HAROLD SCHULMAN ASSOCIATES
REGISTERED PROFESSIONAL REPORTERS
1518 WALNUT STREET. 15TH FLOOR
PHILADELPHIA. PENNSYLVANIA 19102
546-0237 - 563-5237

HAROLD G. COHEN, ESQ., having been duly sworn, was examined and testified as follows:

BY MR. KERR:

Q Could you state your full name for the record, please?

A Harold G. Cohen.

Q Mr. Cohen, I'm an attorney with the United States Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. I asked you to meet with us to today so we can take testimony with certain matters that have to do investigation..

You reside where, Mr. Cohen?

A 53 Oak Ridge Drive, Voorhees, New Jersey.

Q What is your business address?

A Three Greentree Centre, Suite 305, Route 73, Marlton, New Jersey.

Q You are an attorney?

A That's correct.

Q You are a member of the New Jersey bar?

A Yes.

Q Any other bars?

A United States District Court, District of New Jersey, United States District Court, Eastern District of New York, and the United States Court of Appeals for the

Third Circuit.

Q You became a member of the New Jersey bar when, sir?

A November 1981. '71, excuse me.

Q You're a member of the firm of Goodman, Schneider and Cohen?

A That's correct.

Q Located at the address you just gave us?

A And at two other locations as well.

Q Could you give me a brief description of the nature of your practice?

A My personal practice?

Q Yes.

A Primarily banking, banking litigation, large loan workouts, creditors' rights, corporate commercial litigation, insolvency.

Q And with regard to the practice of your firm in general, does it have a particular area of expertise or is it basically a general practice?

A I would say we have three areas of expertise, plus what I do, which is in the litigation workout area, one partner and associate who does bank regulatory work and documentation of new product, bank product. Another partner who concentrates on energy cogeneration.

HAROLD SCHULMAN ASSOCIATES, 1518 WALNUT ST., 15TH FLOOR

Q Cogeneration, what is that, wind mills in the backyard that generate electricity?

A It used to be.

Q It used to be?

A It's buying, using one type of fuel for both heat and to generate electricity.

Q Let me just get your educational background as well. You received your law degree when?

A June 1971.

Q From what institution?

A Cornell Law School.

Q And your undergraduate degree?

A Lafayette College.

Q What year was that?

A 1968.

Q Do you know a gentleman by the name of Willard Zucker?

A I do.

Q How do you know Mr. Zucker?

A I met him in the context of representing a client.

Q And what client would that be, sir?

A The reason I'm pausing is I am trying to determine in my own mind how much of this information would be covered by attorney/client privilege. I think I might have expressed that to you over the telephone before today's session, or at least I expressed it to Mr. Faulkner.

Q I would hope the identity of the client would not cause concern. It's not my intention to go into attorney/client communications.

A This is two clients, Forway Industries, Inc., and Jacob Farber.

Q You met Mr. Zucker in conjunction with your representation of Forway industries and/or Mr. Farber; is that correct?

A That's correct.

Q With regard to when you met Mr. Zucker or first had communication with Mr. Zucker, can you place that in time for me?

A In all likelihood it would have been sometime in the first half of 1986.

Q We have interviewed a gentlemen by the name of Gregory L. Zink of Forway Industries. Do you know Mr. Zink?

A Yes, I do.

Q Mr. Zink in our interview indicated that Mr. Zucker's company, CSP, acquired an equity ownership in Forway sometime in 1982. Would you have had any knowledge

HAROLD SCHULMAN ASSOCIATES, 1518 WALNUT ST. 15TH FLOOR

of or contact with Zucker at that time?

A I did not know Mr. Zucker in 1982.

Q So to the best of your recollection, the first contact you would have had with him would have been sometime early in 1986?

A During the first six months of 1986.

Q In what context did you first have contact with him? What caused you to be in touch with him?

A I think at this point I am starting to cross over the line into attorney/client relations. I think that it would be inappropriate for me to comment.

Q You had contact with him with regard to a business transaction that you were doing for a client; is that correct?

A That's correct. It was in the context of my representation of Forway and/or Jacob Farber.

Q In that regard, was Mr. Zucker a client of yours at that time?

A Mr. Zucker has never personally been a client of my law firm.

Q And his firm, CSF, has that firm ever been a client of your firm?

A No, it is not.

Q In terms of when you would have had face-to-face meetings with Mr. Zucker in 1986, can you place those in time for me?

A Again, Mr. Kerr, I don't want to be difficult. All of those conferences would have been in the context of attorney/client representation. I think it would be inappropriate for me to specifically identify dates or time frames when I would have met with him.

Q My interest is not in attorney/client communications, but when in time you would have had contact with this gentleman. You don't feel you could give me that information?

A Not the way you asked the question.

Q What I'm interested in is the occasions when you have met face-to-face with Mr. Zucker. I don't care for what purpose, but when you met face-to-face with him in 1986.

A Several times beginning in the first half and most likely concluding September or October of 1986.

Q Again, falling back on information that was given to us by Mr. Zink, Mr. Zink indicated that to his knowledge Mr. Zucker would have been in the Philadelphia - New Jersey area to meet with you and others with regard to Forway twice, once in June and once in late September. Does that correspond with your recollection as well?

A I specifically recall meeting with Mr. Zucker in late September. I have recollection of meeting with him on other occasions prior to that time.

Q Your meetings with Zucker would have been in this area, or did you meet with him, this area being the Marlton area, or did you meet with him elsewhere?

A All the meetings were either in my office in Marlton or possibly at the Forway factory in Woodbury. I can't specifically recall if I had any meetings in Woodbury, but it might be possible.

Q I'm not familiar with the geography. Where is Woodbury in relationship to Marlton?

A Woodbury is approximately twenty minutes south.

Q According to Mr. Zink, Mr. Zucker was in the Woodbury, New Jersey, area in connection with Forway business. On June second or third, he stayed at the Hershey Hotel in Philadelphia, met for the purpose of discussing some concerns Mr. Farber had about Forway, and then Mr. Zucker left the Philadelphia area about the fifth of June of 1986.

Do you have any recollection of being involved with Mr. Zucker in the period June two through five, 1986?

A Off the top of my head, no.

HAROLD SCHULMAN ASSOCIATES, 1518 WALNUT ST., 18TH FLOOR

Q I assume that with regard to your work, you keep daily time sheets?

A I did.

Q And work that you would have done either for Mr. Farber or for Forway, you would have kept daily time records on?

A Yes.

Q Is it your custom to note on those time records the people that you meet with when you're working on behalf of a client?

A Generally.

Q Have you had the opportunity to look at your time records for early June 1986 to see if they contain any reference to any meeting with Mr. Zucker?

A In response to, as a request made either by you or Mr. Faulkner or Arthur Liman, I went through my 1986 time records looking only at Saturdays to determine if there was a particular Saturday that I attended a meeting which Mr. Zucker also attended. So that if I could locate such a Saturday reference, it would refresh my recollection as to certain other related events. That is the only part of my time records that I went through, which was for a very limited purpose.

Q So I understand, you did not encounter a Saturday in June that met those criteria; is that correct?

A That is correct. So that I did not look for all other days, you know . . .

Q I understand.

A . . . when I attended a meeting which Mr. Zucker also attended.

Q Am I correct that you did not also locate a Saturday in June when you actually were meeting with Zucker, whether it was rainy, or there was other business involved. You didn't see any other Saturday in June when you were meeting for Mr. Zucker; is that correct?

A That is correct.

Q Is there anyone else in your firm who has worked with you on Forway or Farber matters? And specifically in 1986.

A Yes, but on rather pedestrian matters.

Q Do you recall any occasion when this person would have actually had face-to-face contact or telephone contact with Zucker?

A There would have been no reason for anyone else in the firm to have had contact with Mr. Zucker.

Q And to your knowledge no one else has; is that correct?

A That's correct. Except perhaps my secretary in scheduling a meeting or making some accommodations arrangements for him.

Q Let me take you to September of 1986. Did you in your review of your time records find any notation for a Saturday in September of 1986 when you would have met with Mr. Zucker?

A Yes.

Q What do your time records show in that regard?

A It reflected that it was a meeting in this office on September twenty-seventh of 1986 which Mr. Zucker attended.

Q With regard to that meeting in September, you indicated to Mr. Faulkner when he talked to you on the telephone that you recalled a conversation with Mr. Zucker relating to that Saturday and to a visit that Zucker apparently had with someone who was coming up from Washington, D. C. Could you relate for me your best recollection of that conversation with Zucker?

A I believe it was in the context of scheduling that particular meeting, and Mr. Zucker indicated that he was going to need to meet with someone unrelated to any of the business that I was involved with. This individual would be coming, was coming to this area from the Washington area, and he asked if there was a location in this vicinity that would be convenient for him to have a very short meeting.

Q Let me stop you for a moment. Did he give you any further identification of that person as to sex, any other description?

A At some point, I don't recall whether it was in that scheduling telephone conversation or telephone call on the day he arrived here, whether -- at some point he indicated it was a woman whom he would be meeting.

Q As I understand, he was meeting with a woman who was coming from Washington, D. C.; is that correct?

A I believe she was coming from Washington.

Q And this meeting was to take place on the twenty-seventh of September?

A Yes.

Q Could you give me anything else that you recall about that conversation?

A Other than, I believe I offered to accommodate him by having, allowing him to use one of my offices here, which he thanked me for again and again. He asked me if there were some other places that would be better suited. I then suggested a few hotels or restaurants, I think, in the area because it was supposed to be an early morning meeting and a place to get a cup of coffee and have a discussion. He indicated it would be a very brief meeting, and it should not interfere at all with the meeting we had scheduled for that day.

Q I'm trying to place this telephone conversation period. Was the period before that Saturday, I take it?

A That's correct.

Q Can you recollect any better than that when it was that you had this conversation with him?

A No.

Q And this was a telephone conversation as opposed to a face-to-face meeting?

A I believe it was a telephone call when we were scheduling the Saturday meeting.

Q Did there ever come a time when you learned from Mr. Zucker whether or not this meeting actually took place?

A Only from comments that he made on that Saturday that he had met with someone.

Q Let me take you to that Saturday. You had a recollection of that Saturday when you talked with our investigator with regard to the weather. Can you recall the weather that day?

A Yes. In fact that was the only way that I was really able to identify when this event took place,

HAROLD SCHULMAN ASSOCIATES, 1916 WALNUT ST. 15TH FLOOR

because I did not independently recall the date other than it was on a Saturday in 1986 and that the weather was nasty.

Q You used the term "nasty". What are you describing?

A Overcast, perhaps some intermittent drizzle or rain, cool.

Q Your time records indicate that you did, in fact, meet with Zucker that Saturday.

A September twenty-seventh.

Q Right. Do they indicate when that meeting would have been taking place?

A Not precisely, other than the fact that there were, the work that I did that day was all for one client, and the work description includes the meetings and some related work that would consume virtually the entire day.

Q What is your best recollection of when you actually saw Zucker on that Saturday, what time of day?

A I have a fair but not precise recollection that he arrived late morning, left for a while to have this meeting, and then returned early afternoon.

Q Your answer a few moments ago suggested that he may have said something during the course of that Saturday indicating that he was in fact having a meeting or had a meeting. Can you relate to me your best recollection of what Zucker might have said in that regard on that Saturday?

A I believe that he arrived here in the morning. He mentioned then that he had to break away for a short period to meet with this woman and that he would be back. It should not take very long. I think for all intents and purposes that's it.

Q Did he say anything on his return about the meeting, about the woman?

A No.

Q Was there anyone else present on that Saturday that was engaged in the business you and Mr. Zucker were engaged in that would have heard any of this conversation?

A To the best of my recollection, there were three other people present that day. Not necessarily continuously. One would have been Jacob Farber. One would have been his son-in-law, Richard Horowitz.

Q Richard Horowitz?

A Yes. And my secretary, Marjorie Kirkpatrick.

Q With regard to Mr. Farber, Mr. Horowitz and Ms. Fitzpatrick, have you had occasion to talk with any of them about any recollection they might have had about what they may have heard on Saturday, September twenty-seventh,

HAROLD SCHULMAN ASSOCIATES, 1518 WALNUT ST., 15TH FLOOR

1986?

A Other than asking my secretary to go through my time records, no.

Q Did she indicate any recollection that she would have of this incident?

A I think her recollection was relatively consistent with mine, namely that he came here, left for a while and then returned.

Q Do you either on your own account or by virtue of talking with her have any recollection of what restaurant or other place Zucker might have said that this meeting took place?

A Again, I have a fair but not a precise recollection that it may have taken place at the Philadelphia Airport.

Q Again, because of my lack of familiarity with the geography, how far are we from the Philadelphia Airport?

A Without traffic, midday, say on a Saturday, which I assume is what we're talking about?

Q Right, that's what we're talking about.

A Twenty minutes, no longer than a half hour. Probably twenty minutes.

Q With regard to your recollection of that morning's events, would the time from Zucker's departure to Zucker's return on that Saturday have been sufficient to have allowed a trip to the airport and back and for a meeting of some kind?

A Depending upon the length of the meeting. If it was a brief one, it certainly would have allowed for that.

Q He told you that he was going to the airport or is that just your best surmise based on what you're trying to recall?

A The only reason that I would have even mentioned the airport is that I believe he may have mentioned it. But again, I can say it's in my mind. I assume it's there because subconsciously it may have been a reference to it by him.

Q Did it ever come to your attention that this woman was staying overnight in the Philadelphia area?

A I don't believe so, no.

Q Do you have any recall from any source, from any conversation you had with anybody, of any more identifiers for this woman, who she was, why she was here, what her role in life is?

A I believe Zucker mentioned, perhaps it was that Saturday, perhaps it was in the original telephone call, but more likely that Saturday, that he was going to be discussing an investment with her, or whether he was handling an investment for her.

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Q Anything more on that score that you can recollect?

A No.

Q The nature of the investment, whether she was a client or not, anything of that kind?

A Other than that he apparently was going to be discussing an investment for her with her. I sensed that it was she who was going to be making an investment in something that he knew about.

Q In terms of Zucker himself and what role he was playing in dealing with you, was he dealing with you as a lawyer, as an investor, as a businessman?

A Yes.

Q All of the above?

A And as a, to take it further, as a principal of Forway.

Q With regard to the nature of his business in Switzerland, are you familiar with what his business is?

A In a vague way.

Q What is your understanding of the nature of his business in Switzerland?

A He provides investment counseling, investment management for various individuals.

Q If I understand you correctly, the only occasion you had to talk to Mr. Zucker about this woman was the

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conversations that you described previously in your testimony; is that right?

A That's correct, telephone calling scheduling that Saturday, September twenty-seventh, meeting and whatever ancillary conversations that may have taken place on that particular Saturday as he was leaving or returning.

Q You had no occasion to talk to him about this matter at any time in the last several months?

A That's correct. It was terribly incidental to everything else that we were doing.

Q Do you know a Charles Heusler of the Archer and Greiner firm?

A Yes.

Q Do you know Mr. Heusler?

A Yes, I have met Mr. Heusler. I know of Mr. Heusler. I don't believe I've ever had any matters directly involving Mr. Heusler.

Q Mr. Zink told us that Heusler was involved in the work that was done in September, October relating to the purchase of Mr. Farber's interest in Forway. As counsel for Zucker and Clark and the other purchasers, did you have contact with Heusler in that capacity?

A No. I'm totally unaware of that. I was aware of an attorney from New York who was involved. But I had

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understood that Mr. Heusler and his firm was providing generally legal services for Forway beginning sometime in 1976 -- 1987, rather. But I'm not aware of any work that he did with respect to the acquisition of Jacob Farber's interest in Forway.

Q The reason I asked, I'm trying to find out other attorneys who might have been involved with Zucker with regard to the Forway matter in late September, early October 1986. Zink mentioned Heusler. He indicated that he thought that Heusler represented Zucker and Clark in this transaction. And if he did, I would have thought he might have been involved with you during that period of time. But you have no recollection of dealing with him in this matter?

A Absolutely none. As I said, the only other attorney I dealt with specifically on the buy out of Farber was an attorney from New York City.

Q Would that have been an attorney with the law firm of Patterson, Belknap, Webb and Tyler? And the attorney's name is Craig Bright.

A Yes.

Q You would have dealt with Bright during that period of time?

A Yes.

Q And Bright's client was whom? Was Zucker his client?

A I understood that Bright had generally been Alfred Clark's attorney, and that in this particular matter, I believe, Mr. Zucker was also getting the benefit of Mr. Bright's services. And I'm saying that carefully, because I'm not certain that Mr. Bright was actually representing Zucker. But I'm saying that I think the deal was structured in such a way that Zucker may have had the benefit of whatever work Bright was also doing.

Q The attorneys involved in these negotiations, to the best of your recollection, would be yourself on behalf of Mr. Farber, and Mr. Bright on behalf of at least one of the other parties?

A And Zucker, who is also an attorney.

Q And Zucker did appear to be acting in the role of attorney as well as business participant; is that your impression?

A There is a fine line, so that he was.

Q In terms of your representation of Forway, have you continued to represent them since October of 1986?

A The answer is yes. I want to be careful how I modify it. I believe it has been, with respect to only one particular matter that had a secondary life that had been concluded pretty much before then and then was reborn recently. It has now been put to bed. I think it was for that one particular matter after September of 1986.

Q Do you have knowledge of what law firm, if any, has acted as, if you will, general counsel to Forway since October 1986?

A I was led to believe by the people at Forway that Archer and Greiner had succeeded my firm as counsel to Forway. When that began I'm not precisely certain. Whether or not it actually has served and to what degree it served as general counsel, I'm not aware.

Q Do you have any knowledge of a relationship between the Archer and Greiner firm and Clark or Zucker prior to the events of September, October '86?

A Assuming that Forway engaged Archer and Greiner as its counsel, either as general counsel or special counsel or on an ad hoc basis, before that engagement took place I don't think there was any relationship whatsoever between Clark and that law firm or Zucker and that law firm. And in fact, when Forway was looking for other counsel, Zucker asked me if I had heard of the firm and asked me for my comments on the firm.

Q That was my next question. Did Zucker have their name before he talked to you or did you refer him to them?

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A I believe the name had been given to him.

Q In terms of Mr. Zucker himself, you have had no further contact with him since October 1986; is that correct?

A To the best of my recollection, the last contact I had with Zucker would have been in October of 1986.

Q With regard to the publicity that is attached to Albert Hakim, General Secord, their interests, have you had occasion to talk with Mr. Zucker or anyone acting on behalf of Mr. Zucker about matters relating to Secord and Hakim since October of 1986?

A First of all, I assume you mean the publicity that has been appearing in the media with respect to your committee's hearings?

Q Correct.

A Other than discussing it as a newsworthy topic to colleagues, friends, et cetera, the answer to your question is no.

Q Nobody acting on behalf of Mr. Zucker has talked to you?

A That's right.

Q Let me turn to Albert Hakim. Do you know Mr. Hakim?

A I do not know him. I have heard of him.

Q Apart from what the newspapers have said of Mr. Hakim, in what context have you heard of Mr. Hakim?

A His name was mentioned to me, or came up in conversation with both Jacob Farber and Willard Zucker.

Q If I'm understanding you, you never had occasion to actually meet Hakim; is that right?

A That is correct.

Q You never had occasion to talk with Hakim on the telephone or communicate with him in writing, I take it?

A That is correct.

Q Hakim himself has never been a client of yours?

A That is correct.

Q In the fall of 1986, September or October of 1986, did you or your firm have any involvement in any business transaction between Forway and Hakim?

A Not to my knowledge.

Q Mr. Zink has told us that Mr. Hakim, to his knowledge, was traveling with Mr. Zucker and was in this area of New Jersey in the period September twenty-one through approximately September twenty-three. During that period of time when Zucker was here in town, did you have knowledge that Mr. Hakim and perhaps Mrs. Hakim were here also?

A That's the first I've heard of that.

Q Did you have any knowledge that Mr. Hakim was demonstrating a laser sight to Forway in the period Sunday through Tuesday, September twenty-one through September twenty-three, 1986?

A No.

Q I take it you did not have occasion to go to dinner or meet with Mr. and Mrs. Hakim after business hours on Sunday, Monday, Tuesday, on September twenty-one, twenty-two or twenty-three?

A That's true. I never met Mr. or Mrs. Hakim. I don't even know if there was a Mrs. Hakim.

Q In terms of where Zucker was staying, do you recall where he was staying during that trip in September in this area?

A I thought, I believe he mentioned that he was staying at the residence of friends. The night before the September twenty-seventh meeting, I believe, I recollect he said he stayed with friends in the North Jersey or the New York City area. And I don't recall if he mentioned that subsequently he was going to be staying with friends in this area or if he was returning to the North Jersey and New York area to stay with friends. From what I understood, he quite often stayed at friends' residences, houses, apartments.

Q Did he ever identify to you who these folks might have been he was staying with?

A No.

Q Do you know from any other source who he might have been staying with during that period of time?

A I have a vague recollection of perhaps him providing me with a residential North Jersey telephone number where I could reach him. And I believe it was within that time frame.

Q Would you have documents that would still contain that telephone number at the present time?

A I haven't the slightest idea. I don't know whether it was just written down on a telephone message pad, that once it became superfluous I tossed it away or whether I had it in my notes of ongoing instructions.

Q Let me make a request, if you could check what records you have to see if that telephone number is still extant, and we would like to have it.

With regard to locations where Mr. Zucker might have been, are you familiar with a hotel or motel known as the Gloucester Inn in Westville, New Jersey?

A I think I've seen advertisements in the newspaper for it. That's the extent of my familiarity.

Q Does the name Gloucester Inn give you any further

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refreshed recollection as to where Mr. Zucker might have stayed in the September twenty-one through twenty-seven period?

A No.

Q Where is Westville, New Jersey, from here?

A To be perfectly frank, I'm not certain. I've only been down here for a few years. I believe it is southwest.

Q You indicated you checked your time sheets and found the Saturday which was Saturday, September twenty-seventh. The information we have from Mr. Zink is that Zucker came in with Hakim on September twenty-one, 1986, which would be a Sunday; that he stayed in this area and did business with Forway from that period until approximately September twenty-third; that he then left, either late Tuesday the twenty-second or late Wednesday, the twenty-third, and did not return to this area until Saturday, September twenty-seventh. Would your time sheets indicate to you whether or not you were meeting with Zucker beginning on or about Sunday, September twenty-one?

A My time sheets would reflect meetings that I had with individuals. It would reflect telephone conferences that I had with individuals. It would reflect

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correspondence I had with individuals and other kinds of activities.

MR. KERR: Are they readily accessible? Is there some way you can look without too much difficulty at the week beginning September twenty-one to determine whether or not you were in contact and how you were in contact with Zucker during that week? I'm trying to determine whether or not Zink's story corresponds to what records or recollection you would have and try to determine where Zucker was during that week. Anything you could give me to help me in that regard would be much appreciated.

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THE WITNESS: In response to your request, I'm reviewing my daily time records for September 1986 and note that apparently the first reference I have to Mr. Zucker is on September twenty-two, which indicates I had a conference with him. And because of the way the description is written, it would appear that that conference took place in this office.

The next reference appears on September twenty-three, which indicates I had several telephone conferences with Mr. Zucker as well as a meeting with him and another individual. And those activities consumed quite a few hours.

BY MR. KERR:

Q The individual in question is not Mr. Hakim?

A That is correct. The next reference appears on September twenty-five indicating that I had a telephone conference with Mr. Zucker.

The next reference is on September twenty-six which indicates I had a telephone conversation with him on that date.

We have already discussed the conference which I had with him and others on September twenty-seventh. The next entry is on September twenty-nine which indicates -- there is no reference on September twenty-nine.

Q None to . . .

A None to Mr. Zucker. It would appear that on September thirty I attempted to telephone Mr. Zucker but apparently was unsuccessful.

Q Do you have references to the telephone numbers you were trying?

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A Not in these time records, no. That concludes my September entries. Are you looking for any others?

Q The only other dates would be up through October third.

A Okay. October first is the next entry with reference to Mr. Zucker. I had a telephone conversation with him on that date. On October two I had a telephone conference with Mr. Zucker. On October three I had a telephone conference with Mr. Zucker. The reason I'm pausing is there was a meeting in my office on October three, and my records don't indicate Mr. Zucker's attendance. But it was the type of meeting that I would have anticipated his presence being noted.

Q Let me just add one thought which may or may not help you recall. We have been told by Mr. Zink that Mr. Zucker, with regard to the buy out of Mr. Farber, gave his proxy to Mr. Clark and basically instructed Zink that Clark could act for Zucker in this transaction. He indicated that the date of the agreement buying out Mr. Farber was October third, 1986. Do those facts as related by Mr. Zink give you any further recollection as to who you might be meeting with on October third?

A What you just described to me may very well explain why Mr. Zucker was not in my office on the third. Though without looking at other documents, I really couldn't confirm that. But that certainly is plausible.

Q Do you have any recollection of where it was that Mr. Zucker went to? Was he down in Florida or some other such place that you can recall where you were talking with him during this telephone conversation which you mentioned occurring after September twenty-seventh? Do you have any recollection at all?

A I really can't independently recollect. I know that over the course of the months that I had discussions with him, there were occasions where we spoke. He was in New York City at times. He was in Switzerland.

Q He got around.

A I believe he resides in Switzerland and has his offices there. I recall him indicating that at some point, and I don't recollect whether it was in the spring or the September time frame, that he was in Florida and it is quite likely that I spoke with him while he was there. I don't recall if indeed -- I know he indicated he was in Florida. I can't recall precisely if I spoke to him or not with him being in Florida. And if I did, I further don't recall whether he placed the call to me or whether I placed the call to him in Florida.

Q Do you have any recollection of the nature of the

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business that Zucker was doing in Florida when you contacted him in Florida, whenever it was, spring or fall?

A He may have mentioned casually that it involved either a prospective or an existing investment in, I believe, real estate.

Q Do you recall drawing any connection either because of what he said or by inference from what he said of a relationship between the investment he was going to discuss with the woman from Washington and the real estate investment he might have been pursuing in Florida?

A I don't recall drawing any such inference.

Q Let me just return to a couple of other things on the lady from Washington. As I understand your testimony, he never identified to you who the lady was?

A That is correct.

Q He never gave you an indication of her background that would allow her to be identified better, who she was married to, the nature of her line of work? Nothing in that regard?

A Other than she was a woman who was either a current or anticipated client who was talking about investment. I presume that it was not an insignificant one in that they were going out of their way to make these arrangements to meet.

Q With regard to how this woman got in contact with Zucker or became his client, did he indicate anything to you in that regard at all?

A Not at all.

Q As to who met with the woman, Zucker himself indicated that he went; is that right?

A Yes.

Q Did anybody else, to your knowledge, go with him to the airport or whatever to meet with this woman?

A He was in my office alone. He returned to my office alone. Whether someone else joined him at some point, I have no idea.

Q He did not mention anyone else that would have been with him on this journey out to meet with the woman from Washington?

A That's correct.

Q Did Mr. Zucker at any time mention to you a relationship that he had with Lieutenant Colonel Oliver North?

A I can't recollect any statement by him in that regard.

Q Did you know that there was such a thing as Lieutenant Colonel Oliver North as of September, October, 1986?

A I don't believe so.

Q You had had no contact with either Colonel North himself or anyone acting on Colonel North's behalf, to your knowledge, as of that period of time?

A As of this or that period of time.

Q And with regard to Colonel North's family, including his wife, you had no knowledge of Colonel North's family including his wife as of September or October of 1986?

A As of then and today, correct.

Q And just to close it, in terms of what Mr. Zucker told you, he never mentioned Mrs. North as being the person with whom he was meeting on that Saturday in September of 1986?

A I don't recollect her name being mentioned by him at all.

Q Do you know a gentlemen by the name of Bob, Robert Fritchie?

A The name is not familiar to me.

Q Do you know a gentlemen by the name of Robert Dutton?

A The name is not familiar to me.

Q Do you have any knowledge of a business relationship that was discussed on behalf of Forway with a

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company called American Arms Company?

A I don't have any precise recollection of any discussion.

Q Specifically, have you ever had any involvement with a discussion that Forway may have had with American Arms regarding production of a twenty-two caliber automatic weapon?

A The only reason I'm hesitating is it sounds like a name of a company of the type that they might have done business with, although I can't precisely say that it is a company that I know about that they did business with. So beyond that I can't say.

Q To be more precise, you don't have any knowledge, I take it, or any involvement in negotiations with Messrs. Dutton or a gentleman by the name of Goff with regard to production of an automatic weapon by Forway?

A No.

Q Do you know General Richard Secord?

A I certainly heard of him.

Q In connection with Forway, however, have you ever had occasion to be involved with General Secord or anyone acting on behalf of General Secord?

A No, I have not.

Q You have no knowledge of a transaction between

Forway and a firm of General Secord's relating to radio receivers?

A The reason I'm hesitating now, Mr. Kerr, is I think that you crossed the line over into attorney/client privilege. Whether or not I had any information on that, I think it would be appropriate for me not to comment. I certainly do not want you to infer from what I'm saying that there was such a relationship between Forway and Secord's company regarding radio receivers or that I had any information about it. But I think my comment negative or positive would be inappropriate.

Q Let me ask the question precisely. Mr. Zink told us there was a payment of a finder's fee to a company with which General Secord was associated called Stanford Technology Trading Group, International, STTGI, for short, and that that payment would have taken place, I believe, in 1986. Specifically do you have any knowledge of that transaction between STTGI and Forway?

A Again, Mr. Kerr, I think it would be inappropriate for me to comment on any specific knowledge I would have regarding transactions involving Forway. Although please do not infer from that that I have any information regarding this finder's fee which you just described.

Q In any event, though, as to General Secord you have not had occasion to be in communication with him; is that correct?

A That is correct.

Q With regard to the woman that Mr. Zucker met on Saturday, September twenty-seventh, 1986, did he indicate to you in any fashion that he was meeting with her on behalf of or in conjunction with work he was doing with General Richard Secord?

A No, he did not.

Q Did you have any knowledge of a transfer of funds from a firm known as CSF associated with Mr. Zucker to Forway Industries and through Forway Industries to Stanford Technology Trading Group which would have occurred in August of 1986?

A Once again I think it would be inappropriate because of my attorney/client relationship with Forway at that time to respond. Though please do not infer from that that I have knowledge one way or the other concerning your question.

Q Again, so that I understand, you do not recall ever having been in contact with Albert Hakim; is that correct?

A You are correct.

Q And the mention of this August transaction does not stir any further recollection or refresh your recollection

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of contacts you would have had with Albert Hakim; is that correct?

A That is correct.

Q Are you familiar with a firm known as Hyde Park Square?

A No.

Q You are familiar with a firm known as Clark Management; is that correct?

A Yes.

Q You do know a gentleman by the name of Alfred Clark; is that correct?

A Yes.

Q You came to know Clark Management and Alfred Clark by virtue of the work you did for Forway and Mr. Farber?

A That's correct.

MR. KERR: I believe that covers it. On behalf of the Committee, please accept my thanks for being so cooperative and being a cooperative witness.

As I indicated when we were previously off the record, the Committee's policy is to maintain sole custody of the transcripts of its depositions, and these proceedings are considered by the Committee to be highly sensitive and confidential.

In that regard, I have a request, and that is, that you not reveal the content of this deposition to others. I can't require you to do that. I would certainly appreciate it if you would keep it confidential.

Beyond that, if you wish to review the transcript, there is something to be said for that, particularly in this kind of situation. We're doing this transcript on an expedited basis. I can certainly make the transcript available for you to review and make any contributions or changes you feel are appropriate. Although I would ask that no copies be made of the transcript. But if you would like to have it to review, I would frankly appreciate it if you would review it.

THE WITNESS: I will leave that to your prerogative. If you make a transcript available to me, I represent to you I will review it and check it for accuracy and make appropriate notations. If you find for Committee purposes or procedures that you prefer not, that's fine by me.

MR. KERR: I think particularly in the importance of this transcript, my preference would be we ask the reporter to provide you with a copy and you make any changes on it and return it to the reporter who will return it to me. But I would ask that no copies of the transcript be made.

THE WITNESS: I understand.

MR. KERR: Thank you very much.

(Witness excused.)

- - -

TESTIMONY CLOSED

- - -

CERTIFICATION

I hereby certify that the proceedings, evidence and objections noted are contained fully and accurately in the notes taken by me in the hearing of the above matter, and that this is a correct transcript of the same.

Harold Schulman

HAROLD SCHULMAN
REGISTERED PROFESSIONAL REPORTER
NOTARY PUBLIC

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June 3, 1987

FEDERAL EXPERSS

Charles Kerr, Associate Counsel
United States Senate Select Committee
on Secret Military Assistance to
Iran and the Nicaraguan Opposition
901 Hart Senate Office Building
Washington D.C. 20510

Re: United States Senate, Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition -- Deposition of Harold G. Cohen conducted on June 1, 1987

Dear Mr. Kerr:

Enclosed is a copy of the transcript of my June 1, 1987 deposition which was provided with the transmittal letter dated June 2, 1987 from Harold Schulman Associates, Registered Professional Reporters. I have made the following changes to that transcript, each of which I have initialled in the right hand margin:

- Cover page: change "Greenway" to "Greentree"; delete "pursuant to "and insert" by consent without";
- Page 9, line 3: change "did" to "do";
- Page 12, line 7: delete "telephone call";
- Page 12, line 20: delete "again and again" and insert "and declined";
- Page 19, line 3: change "calling" to "call";
- Page 19, lines 20 and 21: change to read as follows

"...purchase of Mr. Farber's interest in Forway, as counsel for Zucker and Clark and the other purchasers. Did you..."

- Page 20, line 3: change "1987" to "1986";

- Page 26, line 15: change "instructions" to "negotiations".

I have also signed and dated the Certification. Inasmuch as that Certification was not bound with the transcript (but was loosely inserted before the back cover), I have stapled that Certification to this letter and ask that you insert this letter and the Certification into the bound transcript.

This letter and the enclosed corrected transcript is being forwarded directly to you (rather than being returned to the Court Reporter) in accordance with our telephone call this afternoon.

Yours very truly,

Harold G. Cohen

HGC/mlh
enclosure
cc: Harold Shulman Associates,
Attn: Marion D'Ambrosio

CERTIFICATION

I hereby certify that I have read the foregoing deposition and that my answers to the questions propounded, with the attached corrections, if any, are true and correct.

6/3/87

HAROLD G. COHEN

APPENDIX C: PREPARED STATEMENTS

Opening Statement
Of
ELLIOTT ABRAMS
Assistant Secretary of State
for Inter-American Affairs

It is now twelve years since I came to Washington to work for the Congress of the United States. I arrived here in March of 1975 and worked first for a Congressional Committee, then on the personal staff of the late Senator Henry M. Jackson and subsequently on the staff of Senator Daniel P. Moynihan.

Senator Jackson was well known to many of the Members of these Committees. As you know, he believed in two cardinal principles with respect to foreign policy: he believed in the principle of bipartisanship, and he believed that Congress must be a powerful participant in the making of foreign policy. He practiced what he preached. And those were the lessons he taught those of us lucky enough to have the opportunity to work for him.

I became an Assistant Secretary of State in 1981, and since July of 1985, I have served as Assistant Secretary of State for Inter-American Affairs. This hearing today constitutes roughly my sixtieth appearance to give testimony before Congress on Latin American and Caribbean affairs in this short period. As always, I am pleased to have this opportunity to answer questions about my stewardship of the office of Assistant Secretary.

Since July of 1985, the Bureau of Inter-American Affairs has continued to deal with our government's relations with the thirty countries of Central and South America and the Caribbean. They include such matters as the end of the Duvalier dictatorship in Haiti, the transition to democracy in a number of Latin military dictatorships, the Latin debt problem, the promotion of democracy and human rights in Chile and Paraguay, our complex relations with Mexico, repression and subversion in Cuba, and -- of special interest in these hearings -- the very grave problem of democracy and security in Central America.

U.S. policy with respect to Nicaragua was set out by the Congress very shortly after I arrived in my current position in the International Development and Security Act of 1985, passed in August 1985. In that legislation, the Congress noted that the Nicaraguan communists had "flagrantly violated...the rights of the Nicaraguan people and the security of the nations in the region," had "taken significant steps toward establishing a totalitarian communist dictatorship," had "committed atrocities against its citizens," had "aligned itself with the Soviet Union and Soviet allies," and had "committed and refuses to cease aggression in the form of armed subversion against its neighbors." With supportive words for the United Nicaraguan Opposition and the need for democracy in Nicaragua, and noting the "special responsibility" of the United States, Congress condemned the Government of Nicaragua, called for a national dialogue there, and noted its support for efforts by the Nicaraguan Democratic Resistance to resolve the Nicaraguan conflict peacefully. Congress then approved $27 million for humanitarian assistance to the Nicaraguan Democratic Resistance.

In distributing that assistance, in seeking the $100 million in additional and less restricted assistance finally approved by Congress in October 1986, and in implementing U.S. policy in the region, I have at all times -- as my Commission from the President instructs -- executed and fulfilled the duties of my office according to law. As an advisor to the Secretary of State, as a spokesman for U.S. policy, as someone who works with the Congress literally every day, and as an official responsible for U.S. diplomacy in the region, I have tried to keep not only the letter but the spirit of the law in mind. In all of my activities, I have been assisted by the extraordinary dedication and competence of the U.S. Foreign Service, and it has been my practice to work with and through Foreign Service Officers and in the appropriate official channels rather than acting alone.

U.S. policy and U.S. law have changed over the last two years, but certain fundamentals have remained constant: support for peace and democracy in Central America and opposition to the consolidation of a communist regime in Nicaragua. These are views which the Executive and Legislative branches share. As an official of the Department of State, I have tried to promote those views and advance our country's interests with all the energy I can muster. The disclosures of November 25 and since have been surprising and sobering to me, and I have followed closely the accounts -- some accurate, some inaccurate -- of my own activities. It is important to me to set the record straight, and I look forward to discussing with you now the conduct of U.S. policy in the region and my role in it.

STATEMENT OF ALBERT HAKIM JUNE 3, 1987

I AM PLEASED TO BE ABLE TO APPEAR BEFORE YOU TODAY TO DISCUSS MY ROLE IN THE MATTERS UNDER INVESTIGATION. LIKE YOU, I AM ANXIOUS THAT THE FULL STORY OF THIS AFFAIR CAN BE DISCLOSED TO THE CONGRESS AND TO THE AMERICAN PEOPLE SO THAT EVERYONE CAN JUDGE FOR HIMSELF WHAT HAS TAKEN PLACE AND CAN CONSIDER THE IMPORTANT ISSUES RAISED BY THESE HEARINGS.

I AM ALSO HOPEFUL THAT THE COMMITTEE'S QUESTIONS WILL LEAD TO A FULL REVELATION OF MY OWN INVOLVEMENT IN THIS AFFAIR. OVER THE LAST SIX MONTHS MY FAMILY AND I HAVE HAD TO WITHSTAND PUBLIC ATTENTION AND ACCUSATIONS, DIFFICULT FOR ANYONE TO BEAR. I HAVE BEEN VARIOUSLY DESCRIBED AS EVERYTHING FROM A "MASTERMIND" TO A "SHADOWY FIGURE," MY REPUTATION HAS

BEEN ASSAULTED AND I HAVE EVEN BEEN REFERRED TO IN THINLY-VEILED ETHNIC SLURS.

AS WILL BECOME CLEAR DURING MY TESTIMONY, MY PARTICIPATION IN THIS MATTER WAS A RESULT OF A VARIETY OF MOTIVES. NOT ONLY WAS I PRESENTED WITH AN OPPORTUNITY TO HELP MY COUNTRY, THE UNITED STATES, AND MY NATIVE LAND, IRAN, BUT AT THE SAME TIME I HAD THE OPPORTUNITY TO PROFIT FINANCIALLY. AS A BUSINESSMAN, I NEVER PRETENDED TO UNDERTAKE THE TASKS I WAS ASKED TO PERFORM FOR PHILANTHROPIC PURPOSES AND I MADE THAT CLEAR TO ALL OF THOSE WITH WHOM I WAS INVOLVED--INCLUDING GENERAL SECORD, LT. COL. NORTH, THE C.I.A. AND THE IRANIANS.

AT THE SAME TIME, I NEVER WOULD HAVE GOTTEN INVOLVED IN THESE EFFORTS IF I HAD THOUGHT THEM ILLEGAL OR CONTRARY TO THE POLICIES OF THE UNITED STATES GOVERNMENT.

WHEN I FIRST WAS ASKED BY GENERAL SECORD TO ASSIST WITH THE CONTRA EFFORT, I UNDERSTOOD THAT HE HAD OBTAINED LEGAL ADVICE FROM A PRESTIGIOUS WASHINGTON LAW FIRM CONFIRMING THE LEGALITY OF OUR ACTIVITIES. I WAS ALSO AWARE THAT GENERAL SECORD HIMSELF HAD SUBSTANTIAL EXPERIENCE IN THE U.S. GOVERNMENT, INCLUDING EXPERIENCE DEALING WITH THE LAWS REGARDING THE SALE OF WEAPONS. SINCE I TRUSTED -- AND STILL TRUST -- GENERAL SECORD IMPLICITLY, I WAS CONFIDENT WHEN HE GAVE ME HIS OWN ASSURANCES REGARDING THE LEGALITY OF OUR

ACTIVITIES. FINALLY, I WAS TOLD THAT OUR CONTRA ACTIVITIES WERE BEING UNDERTAKEN NOT ONLY WITH APPROVAL BY, BUT AT THE REQUEST OF, THE PRESIDENT OF THE UNITED STATES. WE WERE DEALING DIRECTLY WITH THE WHITE HOUSE STAFF. CONSEQUENTLY, IT NEVER OCCURRED TO ME, AS A PRIVATE CITIZEN, INDEPENDENTLY TO INVESTIGATE THE LEGALITY OF THE PRESIDENT'S POLICY.

WITH RESPECT TO THE IRAN INITIATIVE, THE SAME BASIC FACTS ARE ALSO TRUE. I INTENDED TO PROFIT FROM MY ACTIVITIES AND NEVER MADE ANY PRETENSE ABOUT THAT FACT. MOREOVER, I HAD THE SAME ASSURANCES REGARDING THE LEGALITY OF OUR EFFORTS AND I WAS TOLD THAT THE PRESIDENT OF THE UNITED STATES HAD PERSONALLY SIGNED AN ORDER AUTHORIZING OUR ACTIVITIES. DURING

THE COURSE OF OUR EFFORTS I HAD FREQUENT DEALINGS WITH GOVERNMENT OFFICIALS IN THE CIA, THE DEA AND THE PRESIDENT'S NATIONAL SECURITY COUNCIL; I RECEIVED SUBSTANTIAL OFFICIAL SUPPORT FOR MY ACTIVITIES; AND I ATTENDED NUMEROUS MEETINGS WITH THESE OFFICIALS, INCLUDING A NUMBER OF MEETINGS AT THE WHITE HOUSE. UNDER THOSE CIRCUMSTANCES, I HAD NO REASON TO BELIEVE THAT MY ACTIVITIES COULD HAVE BEEN IN ANY WAY IMPROPER OR CONTRARY TO U.S. POLICY.

THE IRAN INITIATIVE ALSO AFFORDED ME A UNIQUE OPPORTUNITY TO COMBINE FINANCIAL SELF-INTEREST WITH THE PURSUIT OF PERSONAL AND POLITICAL INTERESTS OF GREAT IMPORTANCE TO ME. I WAS BORN, RAISED AND FORMERLY OPERATED SUBSTANTIAL BUSINESSES

IN IRAN. I AM ATTACHED TO THAT LAND AND ITS PEOPLE. I HOPED AND UNDERSTOOD THAT ONE OF THE PURPOSES OF OUR EFFORTS WAS TO ESTABLISH RELATIONSHIPS THAT ULTIMATELY COULD LEAD TO AN END TO THE TERRIBLE TOLL IN HUMAN BLOODSHED BEING SUFFERED BY THE PEOPLE OF IRAN AND IRAQ.

I ALSO HOPED AND UNDERSTOOD THAT OUR EFFORTS WOULD ASSIST THE UNITED STATES GOVERNMENT TO OBTAIN THE RELEASE OF AMERICAN HOSTAGES AND, MORE IMPORTANT IN THE LONG-TERM, TO ENABLE THE UNITED STATES TO REESTABLISH NORMAL RELATIONS WITH A COUNTRY WHOSE GEOPOLITICAL IMPORTANCE IS UNDISPUTED. AS A PRIVATE BUSINESSMAN AND AS A NATURALIZED AMERICAN CITIZEN DEVOTED TO THIS COUNTRY I CONSIDERED IT AN HONOR TO BE CALLED UPON BY THE

OFFICE OF THE PRESIDENT OF THE UNITED STATES TO RENDER MEANINGFUL ASSISTANCE TO MY COUNTRY.

I AM NOW PREPARED TO ANSWER YOUR QUESTIONS AND ASSURE YOU THAT I WILL DO MY BEST TO ANSWER THEM CANDIDLY. THERE MAY BE TIMES WHEN YOU WILL HAVE TO BE PATIENT WITH ME, HOWEVER, FOR ALTHOUGH I BELIEVE THAT I SPEAK ENGLISH WELL, IT IS NOT MY NATIVE LANGUAGE. AS I BELIEVE YOUR STAFF CAME TO UNDERSTAND DURING FIVE LONG DAYS OF DEPOSITION, THIS CAN OCCASIONALLY RESULT IN MISCOMMUNICATIONS OR MISUNDERSTANDINGS, BUT SUCH MISCOMMUNICATIONS AND MISUNDERSTANDINGS , ONCE IDENTIFIED, WILL BE CLARIFIED.

Opening Statement

My name is Bretton G. Sciaroni and I serve as Counsel to the President's Intelligence Oversight Board. The Board was established by President Ford in 1976 to inform the President on intelligence activities which may violate the Constitution, the laws of the United States, Executive Orders or Presidential directives. Since its inception, the Board has been comprised of three unpaid Board members, a full-time counsel and a secretary. Under Presidential directive, the heads of departments and agencies, the Inspector Generals and the General Counsels of the Intelligence Community are required, to the extent permitted by law, to report to the Board on intelligence activities that they have reason to believe may be unlawful. While the Board is clearly dependent upon this reporting mechanism for its information, it also is vested with investigatory powers and, to the extent possible, can actively engage in oversight of its own accord.

The current Board is chaired by Dr. W. Glenn Campbell, a noted educator, who is now the Director of the Hoover Institution at Stanford, California. The other two Board members are Charles Meyers, the former dean of Stanford Law School who is now in private practice, and Charles Tyroler II, who directs the Committee on the Present Danger, a bipartisan, nonprofit organization of distinguished private citizens devoted to sound foreign and national security policies.

I would like to take this opportunity to lay to rest certain allegations that the Board's level of oversight activity has diminished in recent years. The contrary is true. Indeed, records reflect that this Board has been far more active and responsive in its oversight functions than predecessor Boards. Documentation which establishes the accuracy of this statement is available and will be provided upon request.

This brings me to an issue which is to be a focus of today's inquiry -- the Board's memorandum of September 12, 1985 which addressed alleged violations of the Boland Amendment by the National Security Council staff. In early August, 1985, there were a number of press reports which claimed that Lt. Col. Oliver North, a member of the National Security Council staff, was assisting the Contras in apparent violation of the Boland Amendment. These newspaper accounts prompted Representative Michael Barnes to direct a letter to Robert McFarlane, then Assistant to the President for National Security Affairs, requesting information pertaining to any contact between Lt. Col. North and Contra leaders during the period since the enactment of the Boland amendment in October, 1984.

In light of these events, and in accordance with the Board's policy, I undertook legal research and a factual investigation. As a result of these efforts I concluded (i) that the Boland Amendment was directed solely to the federal agencies making up the "Intelligence Community," (ii) that the Boland

Amendment was not applicable to the NSC because it was not considered part of the "Intelligence Community," (iii) that the Boland Amendment might have applied to Lt. Col. North if he was assigned to the NSC Staff on a non-reimbursed basis from the Marine Corps., and (iv) that Lt. Col. North's activities, as portrayed to me, did not constitute a violation of the Boland Amendment even if it applied to the NSC Staff.

My conclusions respecting Lt. Col. North were based on an interview of Paul Thompson, then General Counsel of the NSC, a review of what I was told were all relevant NSC files and a meeting with Lt. Col. North.

My legal research, undertaken prior to my factual investigation, focused on that portion of the Boland Amendment which made it specifically applicable to the C.I.A. and the Department of Defense and generally applicable to ". . . any other Agency or entity of the United States involved in intelligence activities." I did not undertake research into the Constitutional prerogatives of the President to conduct foreign affairs, whether the National Security Council, as an entity advising the President, came within these Constitutional prerogatives or the applicability of other laws.

By Joint Resolution dated October 12, 1984 Congress authorized continuing appropriations in nine separate Appropriations Acts which dealt with specific agencies of the Federal Government. The Appropriations Act which dealt with the Department of Defense expressly included the Boland Amendment. However, the legislation dealing with the Treasury, Postal Service and General Government Appropriations, which includes the National Security Council, omitted the Boland Amendment as did the seven other Appropriations Acts contained in the Joint Resolution. It thus seemed clear that the Boland language did not apply to all appropriations specified in the Joint Resolution nor was it specifically recited in the Appropriations Act which included the National Security Council.

Shortly after adopting the Joint Resolution, Congress enacted the Intelligence Authorization Act for fiscal year 1985 which incorporated the essence of the Boland Amendment and specifically listed the ten separate elements of the United States Government engaged in intelligence and intelligence related activities. The National Security Council was not listed. Parenthetically, I note that Executive Order No. 12,333, which deals with United States Intelligence Activities, has a section defining "Intelligence Community" and "Agencies within the Intelligence Community." That definition lists the several federal agencies comprising the Intelligence Community. Again, the National Security Council is not listed. Accordingly, I concluded that the legislation appeared to establish that it was the intent of Congress to restrict the Boland Amendment to the Defense Department and the ten enumerated elements of the "Intelligence Community" and not to include the National Security Council.

The legislative history of the Joint Resolution and the Intelligence Authorization Act also tended to show that the ambit of the Boland Amendment did not include the NSC insofar as no statement by any Congressman suggesting that the Boland Amendment applied to the National Security Council could be found. Nor could I locate any instance where Congress had limited the activities of the NSC since its inception in 1947.

In addition, the Executive Order of 1981 which established the President's Intelligence Oversight Board, requires that the Inspectors General and General Counsel of the "Intelligence Community" report to the Board on intelligence activities which they believe may be unlawful, and that the National Security Council was not required to report under this directive.

Finally, my conclusions were buttressed by the fact that members of Congress, scholars and the press also concluded in 1985 that the Boland Amendment did not extend to the National Security Council. Contrary views were also expressed. Yet, Congress took no action to resolve the uncertainty.

OPENING STATEMENT OF FAWN HALL

My name is Fawn Hall and I reside with my parents in Northern Virginia where I was born and raised. I attended Annandale High School and graduated in 1977. I started working at the age of 15 and at 16, while still in high school, began my career in government working for the Department of the Navy. During this period, I also held various part-time jobs, including modeling. I worked for the Navy from 1977 until February 1983.

In February 1983, I was detailed by the Department of Defense to the National Security Council and accepted a position as secretary to then Major Oliver North, USMC. I was LTCOL North's personal secretary until he left the National Security Council on November 25, 1986. For the nearly four years that I worked for LTCOL North, my hours were long and arduous but I found my job to be most fulfilling. During my tenure at the National Security Council, I came to have enormous admiration and respect for not only LTCOL North but of many with whom we worked. I admired them not only for their hard work and professional abilities, but also for their selfless and deep sense of dedication and loyalty to the President and our country. As a secretary, it was my job to facilitate the smooth operation of the office. I was a dedicated and loyal secretary and performed my duties in an exemplary manner. I CAN TYPE.

During November 1986, events occurred at the National Security Council which have resulted in my being here today. Although, I did not know many of the details relevant to the Iran and Contra initiatives, I strongly believed then, as I do now, that the efforts made to support the Contras, obtain the release of our American citizens being held hostage, and respond to moderates in a country as strategically important as Iran were carried out with only the best of intentions and in the interest of the United States.

LTCOL North had a large portfolio on the NSC staff. He worked tirelessly to carry out the Administration's policies with regard to Central America and international counter-terrorism. Much of his work is widely recognized: the streamlining of crisis management, the President's Bipartisan Commission on Central America, the liberation of Grenada, the Administration's actions in eliminating death squad activities in El Salvador, the U.S. response in Libya to COL Qadhafi's actions against U.S. citizens and interests, the actions to end the numerous terrorist attacks on innocent persons -- such as TWA-847 and ACHILLE LAURO -- and the daily efforts to obtain the release of our American citizens held hostage in Beirut. These are major issues of which he was a central, effective player, but they do not include his day-to-day responsibilities of dealing with other interagency issues or public inquiries. I admire LTCOL North for his professional integrity and beliefs, his personal commitment to this country, and his ability to be a friend when one is needed. (EXAMPLE) I believe LTCOL North has been and continues to be completely loyal to the President and the United States. I would also like, at this time, to recognize his wife, Betsy, and their four children for their commitment and sacrifices.

I have cooperated fully with the Independent Counsel's office and with Members of the Staff and this Committee. In particular, I have been treated with great courtesy and respect by Chief Counsel Arthur Liman, Executive Assistant to the Chief Counsel Mark Belnick of the Senate, Chief Counsel John Nields, and Deputy Counsel Richard Leon of the House.

I appear here to testify and cooperate fully with you as to my personal knowledge of the events into which this Committee is inquiring. My testimony will be based solely upon my perspective as a secretary, not that of a policy maker or policy analyst.

I would prefer to have remained a relatively obscure but responsible secretary at the National Security Council doing -- as a friend of mine paraphrased Franklin Roosevelt -- the best I know how at the moment, for what is right. That option now having been foreclosed, I am prepared to answer your questions to the best of my ability.

CLOSING STATEMENT OF ELLIOTT ABRAMS

Mr. Chairman, I would appreciate the opportunity of making some brief closing observations.

Although the process has been a painful one, the work of the select committees -- and these hearings -- are performing a very important function. Obviously, charges of individual breaches of public trust require a full response. However, as a number of Committee members have observed, it is even more important for those of us in public life -- both in the Congress and the Executive Branch -- to understand the ~~lessons to be learned from~~ questions raised by this unhappy saga. While there are doubtless~~ly~~ many more, let me suggest a few that seem to me of special importance.

How should the Administration and the Congress formulate policy with respect to military assistance for those combating hostile forces in our hemisphere?

Once that policy has been formulated, what limitations should Congress impose on the Administration's implementation of that policy?

What ~~are~~ is the level of government funds to be committed to the policy? Is it wise to rely in part on funds from other sources in furtherance of the policy?

Finally, how can Congress best exercise its oversight role? When there are covert operations involved in the policy, how can the Administration report effectively to the Congress consistent with the need for secrecy?

During the period that I have been Assistant Secretary of State for Inter-American Affairs, there has always been in existence a policy of support for the Contras. However, the commitment of United States government funds to that policy has been extremely limited. Indeed, the policy contemplated three separate sources of funds.

First, the Congress voted $27 million in funds for humanitarian assistance.

Second, as the floor debate in Congress in the summer of 1985 made clear, it was recognized that private individuals and groups -- the identity of which remained mysterious -- were contributing either money to the Contras for the purchase of weapons or weapons themselves -- and that this resupply activity was ongoing during the period that U.S. government funds could not be used for weapons.

Third, in December 1985, Congress specifically authorized the Department of State to solicit contributions to the Contras from foreign governments for humanitarian purposes. ②

I must candidly say to the Committee that each element of this policy was flawed.

While the $27 million in humanitarian aid was sorely needed, we found ourselves in the position of line-drawing over and over again to make certain that the funds were not spent improperly. The question of whether watches or radios were facilitators of humanitarian deliveries or a means of furthering military operations became an issue. While I am proud of the job that Ambassador Duemling and his colleagues at NHAO did, it is clear to one and all that the line between feeding and clothing a resistance force and helping it to fight is a difficult one to administer.

The problems inherent in leaving resupply activities in private hands are now abundantly clear. It is very likely that these private efforts kept the Contras alive. I spoke out many times to applaud those who were willing to support this effort. But it was a dangerous policy -- more dangerous than most of us realized at the time -- to encourage private initiatives and yet be forced to keep our distance from those aiding the Contra cause to avoid charges of Boland Amendment violations. We found ourselves in the worst of both worlds -- inadequate supervision on the one hand and risk of violating the Congressional mandate on the other.

~~Finally~~, I can only describe the solicitation of foreign governments for financial contributions as I have today a tin cup diplomacy. We were asking other sovereigns to do what the United States was not prepared to do. While such solicitations were unquestionably lawful and sanctioned by Congress, they are an expedient rather than a desirable long-term policy. ~~It [illegible]~~

It is now very evident that the policy was by its nature subject to abuse. In the case of the private resupply network, knowledge and contacts by U.S. government officials were gradually converted into assumption of responsibility over the operations. Private individuals were reporting over clandestine communications facilities to U.S. government officials. Some U.S. officials apparently disobeyed their own orders and reported in other than the regular chain of command. In the case of solicitations of foreign governments, the largest solicitations -- and this means sensitive diplomatic contacts with foreign officials -- were ~~made~~ conducted without the knowledge or participation of the Department of State. ③

Mr. Chairman, I suggest to you and the other members of the Committees that there are valuable lessons to be learned by all of us.

First, when the conduct of foreign policy requires a Congressional mandate -- and military assistance is certainly an area that does so -- Congress should provide a clear mandate rather than ambiguous and conflicting signals so that the Administration can implement the policy effectively and coherently.

Second, those of us in the Administration must play by the rules at all times. Reliance on non-governmental assistance to assist a governmental undertaking will always be playing with fire, for private individuals may not have -- and may not feel -- the legal and political limits placed on government officials.

Finally, those of us in the Executive Branch should be reporting regularly and comprehensively to the Congress because a policy ~~like~~ such as, assistance to the Contras is by nature a partnership between the two branches. These reports should be in open hearing where it is possible to do so. Where classified or other highly sensitive matters make it necessary to limit reports to closed sessions, regular reporting to the Intelligence Committees will enable those designated by the respective houses of Congress to share in policy implementation.

It is no secret to anyone that I have very strong views as to what that policy should be.

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